

Exhibit 11

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
Special Specifications
Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

VOLUME - I
 AIR NAVIGATION SYSTEM SUPPORT (ANSS-V)
 EXHIBIT - A - FORM OF CONTRACT
 TABLE OF CONTENTS

<u>ARTICLE</u>	<u>T I T L E</u>	<u>PAGE NO.</u>
1	PURPOSE OF CONTRACT	2 of 6
2	CONTRACT DOCUMENTS	2 of 6
3	DURATION OF THE CONTRACT	3 of 6
4	PERIOD OF GUARANTEE OF THE WORKS	4 of 6
5	VALUE OF THE CONTRACT	4 of 6
6	PAYMENT	4 of 6
7		4 of 6
8	THE LAWS GOVERNING THE CONTRACT	5 of 6

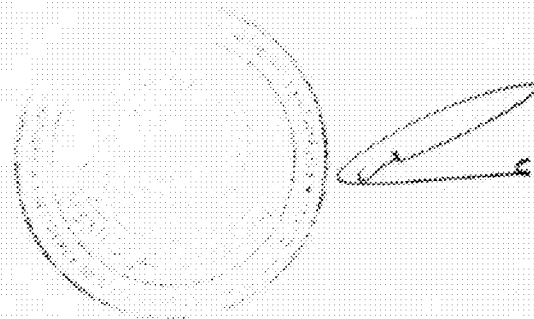


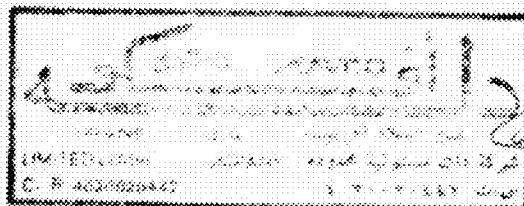
EXHIBIT - A - FORM OF CONTRACT
PRINCIPAL DOCUMENT OF THE CONTRACT

This agreement was concluded in the city of _____ on _____
corresponding to _____ between

- I. The Ministry of Defence and Aviation and Inspectorate General (PCA), represented by H.R.H. The Second Deputy Premier, The Minister of Defence and Aviation and Inspector General, Prince Sultan bin Abdulaziz, for signature of this Contract, hereinafter referred to as (The Employer) First Party.
- II. Dallah Avco Trans Arabia Company, pursuant to the rules and regulations of the Kingdom of Saudi Arabia, Commercial Registration No. 4030020442, dated 11/1/1399, Permanent Address: PO Box 430, Jeddah 21411, Tlx No. 401482 DALLAH SJ, represented by for signature of this Contract, as authorized by a power of attorney issued by the Jeddah Notary Public No. 43 dated 7/8/1409H, Jeddah, Mr. Abdullah Saleh Kamel, Chief Executive of the Saudi Dallah Al-Barakah Holding Co., in his capacity as the authorized representative, hereinafter referred to as (The Contractor) Second Party.

And in light of the wish of the Employer to implement the Operation and Maintenance Support of the Saudi Arabian Air Navigation System (ANSS).

Whereas, the Contractor has submitted his proposal as per letter No. (No Number) dated (No Date), and with reference to the two letters of reduction dated 3/6/1418 and No. MA/578/89/15/11 to implement, complete and maintain these works, after having acquainted himself with the Contract terms, specifications, plans and all attachments, and with the Government procurements systems and the implementation of its projects and works, issued by Royal Decree No. M/14 dated 7/4/1397 and its executive regulation.



VOLUME - I, EXHIBIT 'A'
FORM OF CONTRACT

And with reference to Royal Decree No. M/1 dated 23/1/1419, calling for reduction of Maintenance and Operations (M&O) Programs Contracts which has not been obligated by Ten percent (10%), and with reference to Cabinet of Ministers Resolution No. 33 dated 22/1/1419 and the Ministry of Finance and National Economy distribution No. 2/5302 dated 6/2/1419, containing the amended budget reducing the authorized latest costs for Navais equipment services O&M by Ten percent (10%), leading to a new Contract value at Saudi Riyals Three Hundred Sixty-nine Million, Seven Hundred Eighty-eight Thousand (SR369,788,000). The Royal approval of Contract Award No. 3/243/M dated 14/5/1419 was issued.

And also, in light of the fact that the Contractor's bid has been accepted by the employer, the two aforementioned parties agreed on the following:

Article No. 1 - Purpose of the Contract

The purpose of this Contract is to implement the Operation and Maintenance Support of the Saudi Arabian Air Navigation System.

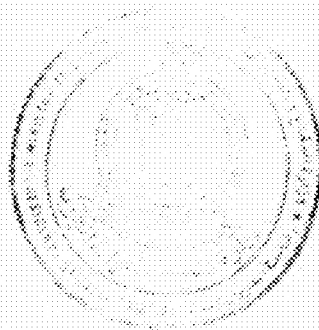
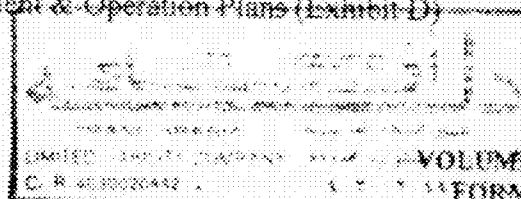
This includes the provision of materials, equipment, labor and all things necessary for the implementation, completion and maintenance of the works indicated in the Contract, as well as all provisional, additional and complementary works and modifications requested from the Contractor by the employer as for the terms and documents of the Contract.

Article No. 2 - Contract Documents

2.1 This Contract consists of the following documents:

1) Volume-I

- a. Form of the Contract (Exhibit A)
- b. General Conditions (Exhibit B)
- c. Special Conditions (Exhibit B)
- d. Financial Conditions & Attachments (Exhibit C)
- e. Management & Operation Plans (Exhibit D)

VOLUME - I, EXHIBIT 'A'
FORM OF CONTRACT

- 2) **Volume-II**
 - a) Airways Engineering Directorate (Exhibit E)
 - b) Maintenance & Operations & Attachments (Exhibit F)
 - c) Logistics Supplies & Service & Attachments (Exhibit G)
- 3) **Volume-III**
 - a) Man-month Personnel (Exhibit H)
 - b) Manning Schedule & Attachments (Exhibit I)
 - c) Saudization Plan (Exhibit K)
- 4) **Volume-IV - Position Descriptions**
- 5) **Letter of Award or Acceptance of Bid**

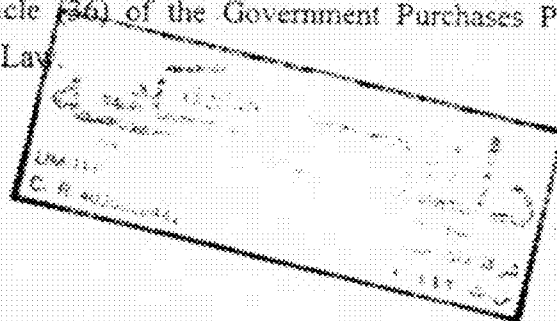
2.2 These documents are a whole entity; each one is an inherent part of the Contract and interprets and complements the others.

2.3 In case of contradiction between the provisions of the Contract documents, each document prevails upon the one that follows it in the order indicated in paragraph one of this article.

Article No. 3 - Duration of the Contract

3.1 The Contractor undertakes to implement and complete all works referred to in the Contract within 3 Calendar (Gregorian) years, commencing on 15/5/1419H (6/9/1998) as per H.M. approval No. 3/243/M dated 14/5/1419 (5/9/1998).

3.2 If the Contractor delays the implementation of the works referred to in the previous paragraph, he shall become subject to the application of the penalty of delay stipulated in Article (36) of the Government Purchases Procurement and Project and Works Execution Law.



**VOLUME - I, EXHIBIT 'A'
FORM OF CONTRACT**

Article No. 4 - Period of Guarantee of the Works

The Contractor shall fully guarantee the works that constitute the object of the Contract for a period that starts from the date of preliminary acceptance and ends on the date of final acceptance.

Article No. 5 - Value of the Contract

5.1 The total value of the Contract amounts to Saudi Riyals Three Hundred Sixty-Nine Million, Seven Hundred Eighty-Eight Thousand (SR369,788,000) payable in exchange of the implementation of the Contract according to the conditions, specifications, plans, list of quantities and other Contract documents.

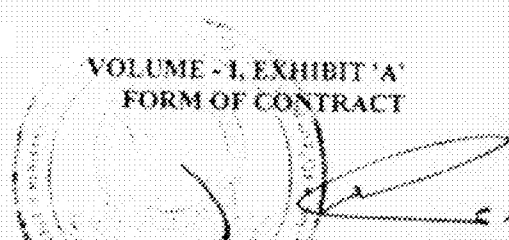
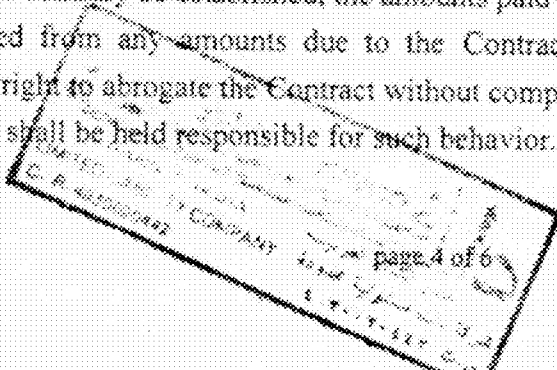
5.2 This total value is subject to increase or decrease depending on the change in the amount of actual works implemented by the Contractor as per the Contract and depending on the additional and complementary works and modifications that the Contractor effects at the request of the employer and within the limits stipulated in the conditions of the Contract. This should not increase Contractor's due entitlements more than the project allocations, pursuant to Cabinet of Ministers' Resolution No. 30 dated 19/2/1408H and its amendments.

Article No. 6 - Payment

The Employer shall pay the amount of the Contract in the manner and at the times specified in the General Conditions of the Contract in exchange of the implementation and completion of the said works by the Contractor.

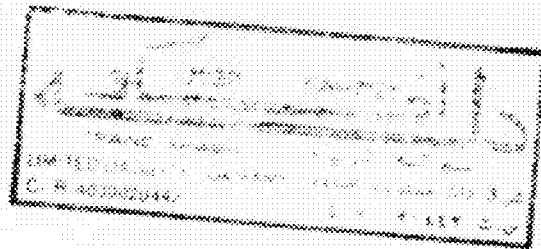
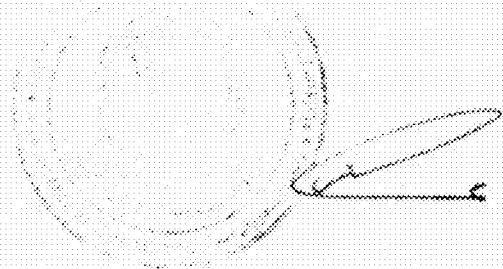
Article No. 7

Notwithstanding the other regulations, the Contractor shall admit not having paid or promised to pay any amounts or provide any advantages in order to win this Contract. Should the contrary be established, the amounts paid or promised by the Contractor shall be deducted from any amounts due to the Contractor; in addition, the Employer shall have the right to abrogate the Contract without compensation and the Contractor and his employees shall be held responsible for such behavior.



Article No. 8 - The Laws Governing the Contract

The interpretation and implementation of this Contract as well as the settlement of any claims resulting from the signature of such Contract shall be subject to the laws and regulations enforced in the Kingdom of Saudi Arabia.



IN WITNESS THEREOF, the two Parties have duly signed this document at the above-mentioned place and time.

First Party

Second Party

Title: Second Deputy Prime Minister
Minister of Defence & Aviation
and Inspector General

Title: Chief Executive of the Saudi
Dallah Al-Barakah Holding
Co.

Name : H.R.H. Prince Sultan bin A/Aziz

Name : Abdullah Saleh Kamel

Signature: _____

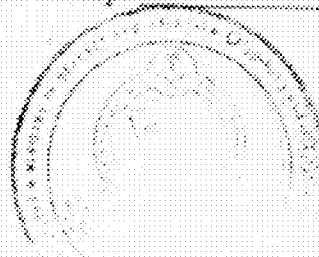
Signature: _____

Date: _____

Date: _____

Stamp: _____

Stamp: _____



A handwritten signature in black ink, consisting of a stylized, cursive script.

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



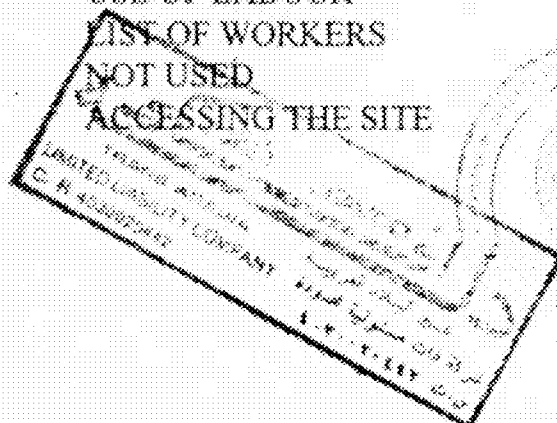
CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
Special Specifications
Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

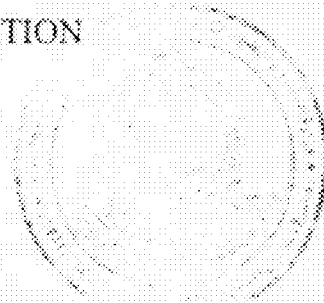
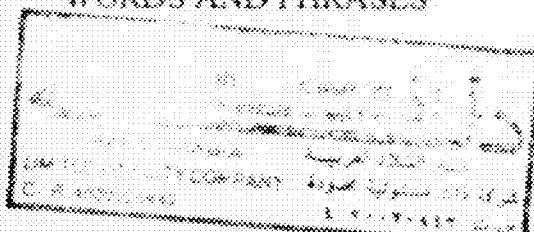
VOLUME - I
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V)
EXHIBIT B - GENERAL CONDITIONS
TABLE OF CONTENTS

<u>ARTICLE</u>	<u>T I T L E</u>	<u>PAGE NO.</u>
1	DEFINITIONS AND INTERPRETATIONS	1 of 39
2	AUTHORITY OF THE GOVERNMENT REPRESENTATIVE	5 of 39
3	RELINQUISHMENT TO OTHER PARTIES CONFIDENTIALITY AND NON-DISCLOSURE	6 of 39
4	SUBCONTRACTING	6 of 39
5	SCOPE OF THE CONTRACT	7 of 39
6	LANGUAGE OF THE CONTRACT	7 of 39
7	NOT USED	8 of 39
8	EXAMINATION OF CONTRACTOR'S RECORD	8 of 39
9	PERFORMANCE BOND	8 of 39
10	NOT USED	10 of 39
11	SUFFICIENCY OF BID	10 of 39
12	EXECUTION OF THE WORK	10 of 39
13	WORK SCHEDULE	13 of 39
14	CONTRACTOR REPRESENTATION AND SUPERVISION	13 of 39
15	THE CONTRACTOR'S PERSONNEL	13 of 39
16 TO 19	NOT USED	14 of 39
20	REMAINS OF ANTIQUITIES, VALUABLE ITEMS AND OTHERS	14 of 39
21	PATENT RIGHTS OWNERSHIP AND INDEMNITY	15 of 39
21a	PATENT RIGHTS	15 of 39
21b	INDEMNITY	15 of 39
22 TO 25	NOT USED	16 of 39
26	USE OF LABOUR	16 of 39
27	LIST OF WORKERS	16 of 39
28	NOT USED	16 of 39
29	ACCESSING THE SITE	16 of 39



VOLUME - I
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V)
EXHIBIT B - GENERAL CONDITIONS
TABLE OF CONTENTS

<u>ARTICLE</u>	<u>T I T L E</u>	<u>PAGE NO.</u>
30 TO 31	NOT USED	16 of 39
32	SUSPENSION, TERMINATION FOR DEFAULT AND OPTIONAL TERMINATION	17 of 39
32A	SUSPENSION	17 of 39
32B	TERMINATION FOR DEFAULT	18 of 39
32C	OPTIONAL TERMINATION	19 of 39
33 TO 39	NOT USED	20 of 39
40	ACCEPTABLE PERFORMANCE LEVELS	21 of 39
41	NOT USED	21 of 39
42	SEARCH FOR DEFECTS	22 of 39
43	CONTRACT CHANGES	22 of 39
43-1	CHANGES	22 of 39
43-2	ORDERS FOR CHANGES TO BE IN WRITING	23 of 39
44	VALUATION OF CHANGES, CHANGE NOTICES, AND CLAIMS	23 of 39
44A	VALUATION OF CHANGES	23 of 39
44B	CHANGE NOTICES	24 of 39
44C	CLAIMS	25 of 39
45 TO 52	NOT USED	25 of 39
53	WITHDRAWING THE WORK FROM THE CONTRACTOR	25 of 39
54	NOT USED	26 of 39
55	SPECIAL RISKS, FORCE MAJEURE	27 of 39
56	SPECIAL RISK, WAR	27 of 39
57	CONTRACT INTERPRETATION AND SETTLEMENT OF DISPUTES	27 of 39
58	SENDING NOTIFICATIONS	28 of 39
59	NEGLECT ON THE PART OF THE EMPLOYER	29 of 39
60	TAXES AND FEES	29 of 39
61	IMPORT AND CUSTOM REGULATION	30 of 39
62	WORDS AND PHRASES	30 of 39



[Handwritten signature]

VOLUME - I
AIR NAVIGATION SYSTEM SUPPORT
EXHIBIT - B - GENERAL CONDITIONS

ARTICLES:

1 - DEFINITIONS AND INTERPRETATIONS

1. The following words and expressions have the meanings that immediately follow them unless explicitly or implicitly mentioned in the text.

a. "The Employer (Government)" means Government of the Kingdom of Saudi Arabia, Ministry of Defence and Aviation and Inspectorate General, Presidency of Civil Aviation.

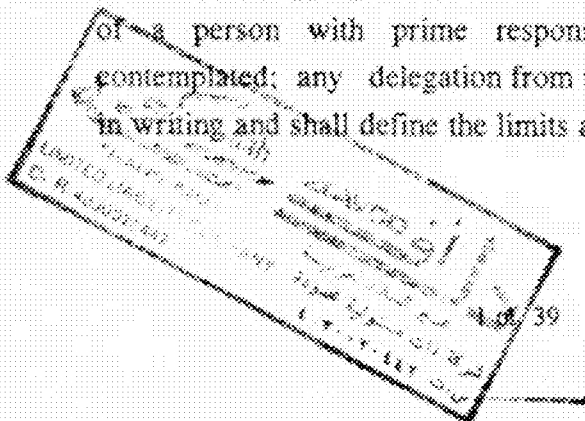
"Government Agency" means any entity of the Government of the Kingdom of Saudi Arabia.

b. "Contractor" means the Party who has been awarded the Contract by the Government and it includes Contractor's personnel, representatives, successors, permitted assignees, and subcontractors.

c. "Contract" means those documents deemed to form and be read and considered as part of the signed Contract, including: Principal Document of the Contract, and Special Conditions (if any); General Conditions and Special Specifications (if any); Financial Conditions; Statement of Work (SOW), Scope of Services and Attachments; all documents referenced and incorporated by the said Sections and Attachments.

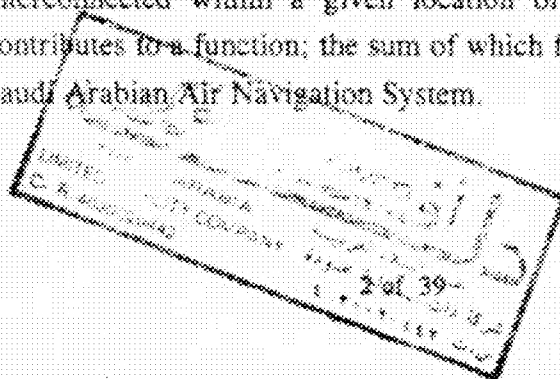
d. "Government Representative" means the President, Presidency of Civil Aviation or his designated representative(s) in connection with the administration of all or any part of the Services.

e. "Designee" means a person, either Contractor personnel or Government personnel, as appropriate, who is delegated or commissioned to act in the stead of a person with prime responsibility and authority to perform acts contemplated; any delegation from the Government to the Contractor shall be in writing and shall define the limits and duration of such delegation.



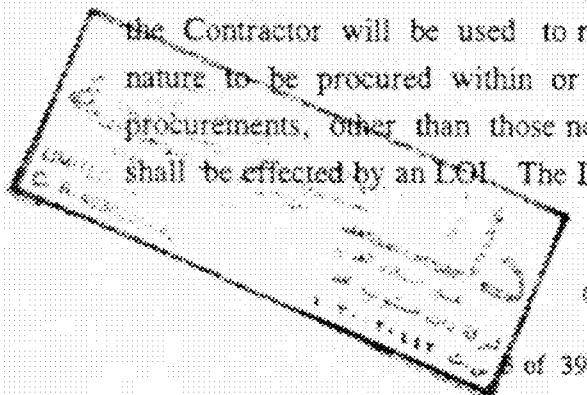
VOLUME 1 - EXHIBIT B
GENERAL CONDITIONS

- f. The "Air Navigation System" or "The System" means all Air Traffic Control, Air Navigation and Aeronautical Communications facilities, equipment, systems, sub-systems, and associated or supporting environmental systems as identified in Volume II and as may be added to by the Government from time to time.
- g. "Subcontractor" shall mean an individual, association, company, or entity entering into an agreement with the Contractor to provide a specified part of the work or to provide all or certain specified materials required by the Contract or identified by the Government subsequent to the signature of the Contract.
- h. "Services and or Work" means all the work to be executed in accordance with Volume II, Statement of Work (SOW) and Volume III, Scope of Services of this Contract.
- i. "Temporary Services" means all temporary work of every kind required in or about the execution, completion, or performance of the Services.
- j. "Temporary Duty" shall mean work performed by Contractor personnel at a geographical location other than the one where such personnel are assigned to work or where such personnel normally reside. Work performed in the same city or town shall not be included in this definition.
- k. "Sites" means the lands and other places on which the Services and Work are to be provided in the remote locations and within the boundary limits of the airports specifically designated in the Statement of Work (SOW), Volume II, except that when the context so indicates the meaning shall include from whence the Services are provided.
- l. "Facilities" means the combination of electronic, environmental, and electromechanical systems, subsystems, and equipment when collocated and interconnected within a given location or locations provides a function or contributes to a function; the sum of which functions supports operations of the Saudi Arabian Air Navigation System.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

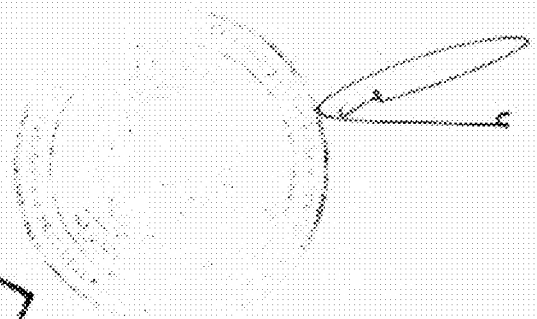
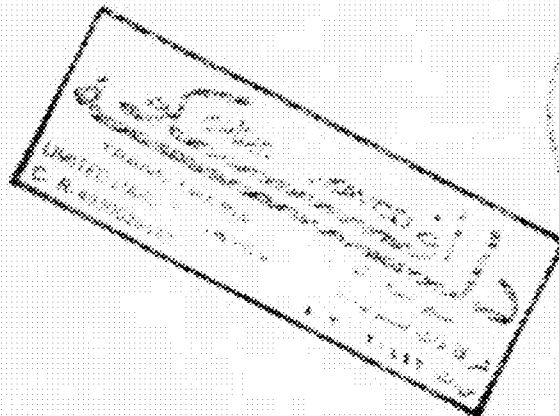
- m. "Personnel", or "Employees", or "Staff", or "Contractor Personnel" shall mean any persons employed for the purpose of implementing the Contract, whether employed directly by the Contractor or through its subcontractors.
- n. "Man-month" means a monthly billing unit for the services and authorized entitlements of individual personnel employed by the Contractor in positions identified in Volume III, Exhibit I, Manning Schedule. The said services and authorized entitlements are described in Volume II, Statement of Work (SOW) of the Contract.
- o. "Manning Billing Summary" shall mean the Contractor furnished list of all the Contractor's technical, engineering, and support personnel assigned to the Contract and identified in the manning lists of Volume III.
- p. "Contract Price" means the total amount of this Contract as set forth in the Contract subject to such additions thereto or deductions therefrom as may be made due to issuance and execution of Contract Changes, Modifications, or Amendments.
- q. The "Purchase Requisition" is the form used by the Government to provide specifications of materials required to be provided by the Contractor and is the document authorizing such purchases.
- r. "Purchase Order" shall mean the document issued to the Vendor confirming the details of purchase both as to technical specifications and commercial terms and conditions after approval from PCA.
- s. The "Vendor" shall mean the company, organization, or individual selected to provide material and/or services to the Government, through the Contractor.
- t. A "Letter of Instruction" (LOI) issued by the Government and accepted by the Contractor will be used to request materials and/or services of a special nature to be procured within or out of the Kingdom. All directed source procurements, other than those normally associated with a Purchase Request, shall be effected by an LOI. The LOI will clearly define requirements, prices,



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

terms and conditions, and responsibilities of the Government and Contractor. LOIs will be submitted in accordance with Attachment A, of Exhibit G, Logistics Supplies and Services.

- u. **"Approval"** refers to the written approval, including subsequent written confirmation of any previous verbal approvals.
- v. **"Singulars and Plurals"** - the words mentioned in singular form shall have the same meaning in the plural form and vice versa, if so required in the text.
- w. 1. **"Married Status - Accompanied"** - The status of an employee hired in a married status position, who is accompanied by his family/legal dependents in Kingdom.
- w. 2. **"Married Status - Unaccompanied"** - The status of an employee hired in a married status position, but not accompanied by his family/legal dependents in Kingdom.
- x. 1. **"In-Kingdom Dependents"** - Shall mean the legal spouse and up to three (3) dependent children, including adopted children, of the employee, appearing on the employee's Iqama, and residing in the Kingdom of Saudi Arabia with the employee. In-kingdom dependents shall be entitled to benefits and services normally provided to the employee's dependents, and as required in this Contract.
- 2. **"Out-of-Kingdom Dependents"** - Shall mean those, dependent children, age 18 and below, required to attend school outside the Kingdom of Saudi Arabia. Out-of-Kingdom dependent children shall be entitled to benefits and services normally provided to employee's dependents, and as required in this Contract.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

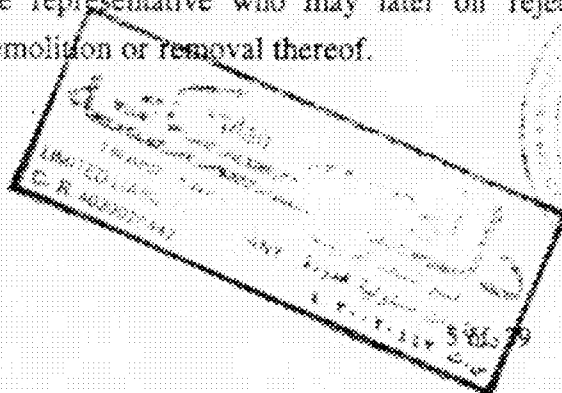
- y. "Temporary Duty (TDY) Day" - shall mean temporary duty assignment for more than 24-hours due to mandatory program requirements at a location other than the one where such personnel are assigned to work or where such personnel normally reside.
- z. "Evaluation Committee" - means a group of persons, either Government or Contractor personnel headed by the Contracting Officer or his designee, who are commissioned or constituted under the ANSS Program with prime responsibility and authority to conduct a periodic evaluation of the Contractor performances.

2 - AUTHORITY OF THE GOVERNMENT REPRESENTATIVE

The Government representative shall have the authority to oversee and supervise the work, as well as examine and test any materials or methods used for the implementation of the work. However, the Government representative shall not have the authority to relieve the Contractor from any of his duties or obligations stipulated in the contract or to order the execution of any work that may result in delays or in an increase in the financial obligations incurred by the Government. Moreover, the Government representative may not introduce any changes in the work unless explicitly stipulated in the contract.

The Government representative may at times authorize his representative in writing to exercise any of the authorities enjoyed by the Government representative and shall provide the Contractor with a copy of this written delegation of authority. The written instructions and approvals issued by the representative or the designee to the Contractor shall be within the limits of the said delegation of authority and shall be binding to the Contractor and to the Government as if issued by the representative himself. The following shall always be taken into consideration:

- a. The neglect on the part of the designee of the Government representative manifested by the rejection or acceptance of any materials or work does not affect the authority of the representative who may later on reject the said work or materials, or order the demolition or removal thereof.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

- b. In case the Contractor does not agree with the decision taken by the designee of the representative, he may refer the matter to the representative who shall, in this case, have the right to confirm or cancel, or amend the said decision.

3 - RELINQUISHMENT TO OTHER PARTIES CONFIDENTIALITY AND NON DISCLOSURE

The Contractor shall not divulge to third parties, without the written approval of the Government, any information which it obtains in connection with the performance of the Contract unless the information is obtained by the Contractor from a third party who did not receive same, directly or indirectly, from the Government or the Government Representative or his designee and who has no obligation of secrecy with respect thereto. However, the Contractor shall remain responsible to the Government jointly with the Party to whom the Contract or part thereof have been relinquished to upon the execution of the Contract.

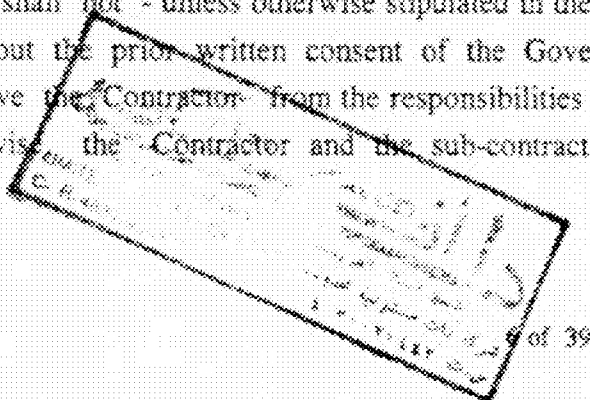
The Contractor shall not, without the prior written approval of the Government, disclose to any third party any information developed or obtained by the Contractor in the performance of the Contract, except to the extent that such information falls within one of the categories described above.

The Contractor understands and agrees that its personnel working directly under Government supervision may in the course of their duties be in receipt of information to which the Contractor will have no right of access, and the Contractor agrees that it will make no attempt to obtain such information from the aforementioned personnel.

The Contractor shall insert a condition in its Contracts with its personnel to ensure the non-disclosure of information concerning the Contract and the services specified herein. The Contractor will be held responsible by the Government for any violations of this condition.

4 - SUBCONTRACTING

The Contractor shall not subcontract all Contract work constituting the object of the Contract and shall not - unless otherwise stipulated in the Contract - subcontract any part of the work without the prior written consent of the Government. However, such consent does not relieve the Contractor from the responsibilities and obligations resulting from the Contract, likewise the Contractor and the sub-contractor, acting jointly and severally, shall be





VOLUME I - EXHIBIT B
GENERAL CONDITIONS

responsible towards the implementation of its obligations under this Contract. The Contractor shall furnish the Government with two (2) copies of the sub-contract document in accordance with Circular No. 5767/404 dated 17/11/1404H and No. 3/1743 dated 12/13/1406H. All provisions stated in the Contract General Conditions must be included in the sub-contract document and must be binding in full.

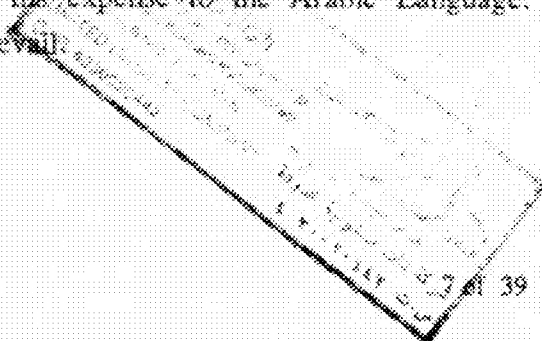
5 - SCOPE OF THE CONTRACT

The Contractor shall provide the key personnel, technical, and operational support as described herein, and engineering, technical, management, training, logistics, and support personnel in accordance with Volume II, Statement of Work (SOW) the provisions enumerated herein with Volume III-Scope of Services, and with Volume IV-Position Descriptions. The Contractor-furnished personnel shall work for and in conjunction with the Presidency of Civil Aviation (PCA), as one integrated team, to train, augment, assist and actively support the existing work-force in the operation, maintenance and certification of the Government's Air Navigation System facilities, systems, and equipment and in other related activities as described herein.

The Contractor shall also provide Logistics Support Services to provide materials and services for the aforementioned sites, facilities, systems and equipment, and special cost services as described herein.

6 - LANGUAGE OF THE CONTRACT

- a. The Arabic Language is the language approved for the interpretation and implementation of the Contract; however, the two parties of the Contract may use any Foreign Language to write the Contract or any part thereof, in addition to the Arabic Language. Should a contradiction arise between the Arabic and the Foreign texts, the Arabic text shall prevail. Moreover, the Arabic Language shall be relied upon in what concerns specifications and plans.
- b. All correspondence relative to this Contract shall be in the Arabic Language; however, the Contractor may use one of the Foreign Languages and shall translate it at his expense to the Arabic Language. In case of conflict, the Arabic text shall prevail.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

7 - NOT USED

8 - EXAMINATION OF CONTRACTOR'S RECORD

The Contractor shall at its own expense keep and maintain in one place full and complete records and books of account of its costs and expenses relating to the performance of work in accordance with Ministry of Finance Directive # 4/2877 dated 9/10/1403 which requires that financial records and accounts of all Companies be maintained in Arabic and that the accounts and records be certified by an accountant licensed in Saudi Arabia.

Such records and accounts will permit the Contractor to furnish PCA, on written request, an accurate written allocation of the sums paid for the various elements of work.

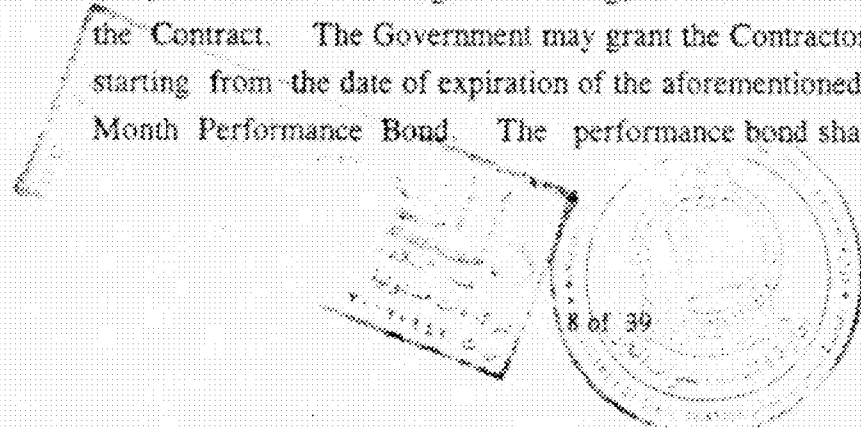
PCA and its representatives shall have the right to examine at any time any book, records, accounts and other documents of the Contractor, pertaining to the costs, labor, equipment, etc., when such information is requested by PCA for any purpose. PCA also reserve the right to examine employment Contracts as well as all subcontracts.

The Contractor shall keep and preserve the accounts and other documents for a period of ten (10) years after completion of work.

Contractor's refusal to provide the above information to PCA will be considered violation of the terms of the Contract and hence may result in the application of financial penalty, in accordance with Article 77 - Contract Penalty Code and Article 36 of the Government Procurement Law.

9 - PERFORMANCE BOND

- I. The Contractor shall within ten (10) days of the date he has been notified of the acceptance of his bid present to the Government with Performance Bond (reducible) equivalent to Five Percent (5%) of the bid value for Man-Month funding and a Performance Bond (non-reducible) equivalent to Five Percent (5%) of the value for Logistics funding, as insurance of the implementation of the Contract. The Government may grant the Contractor a ten-day extension starting from the date of expiration of the aforementioned period for the Man-Month Performance Bond. The performance bond shall be irrevocable and



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

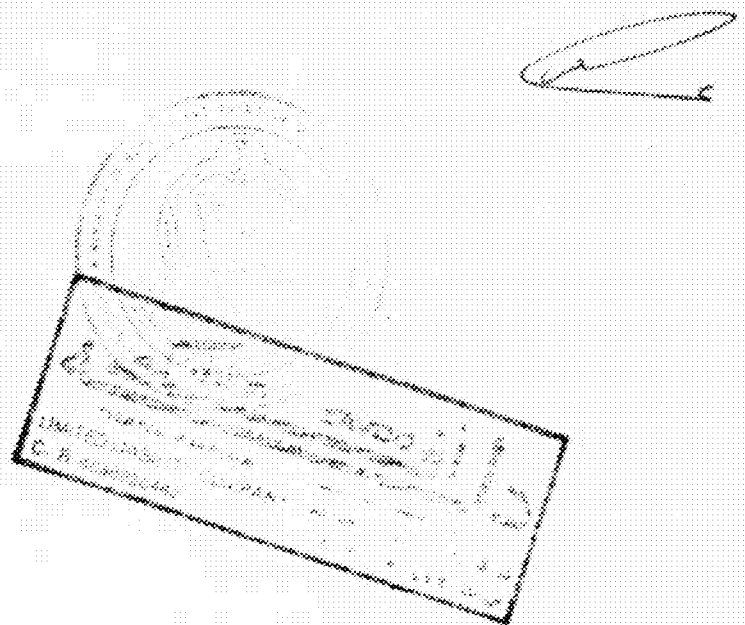
valid throughout the duration of the Contract and up to the date of final hand-over.

II. The performance bond (reducible) shall be in one of the following forms:

1. A letter of bank guarantee issued by one of the local banks.
2. An undertaking issued by a specialized insurance company accredited by the Saudi Arabian Monetary Agency.

Any conflict arising from the interpretation of the conditions of this guarantee shall be subject to the Saudi Arabian Statutes and specifically the guarantee by-laws contained in the Circular No. 17/67, dated 2-4-1408H of His Excellency the Minister of Finance and National Economy.

III. If the Contractor whose bid has been accepted does not provide the necessary guarantee, the Government shall have the choice between withdrawing his acceptance of the bid and confiscating the provisional guarantee or executing the work at the expense of the Contractor as stipulated in Article (53) of these conditions without need for warning or notification and without prejudice to the Government's right to request the Contractor to pay the necessary compensation for any damages and losses that he may incur as a result.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

10 - NOT USED

11 - SUFFICIENCY OF BID

It is assumed that the Contractor shall have obtained complete information before submitting his bid and ascertained that the prices he listed in the list of quantities and price lists are sufficient to cover all his obligations resulting from the Contract, as well as other matters and items necessary for the completion and maintenance of the work in a perfected and sound manner.

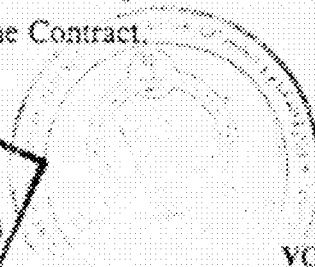
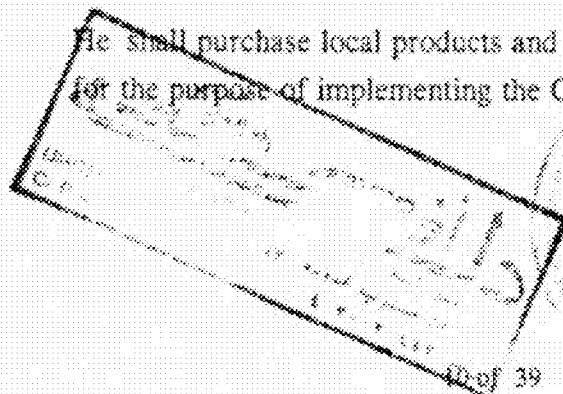
In case the Contractor is faced during the implementation of the work with any financial difficulties or any unusual difficulties that any experienced Contractor could not have logically anticipated, he shall immediately and within ten days of discovering such difficulties and obstacles inform the Government Representative or his representative of this fact. In such case, the Government Representative shall submit a report on this matter to the Government indicating his opinion in the additional costs incurred by the Contractor as a result of such difficulties and obstacles if the presence thereof has been confirmed for the review of and appropriate action by the Government. However, should the Contractor not notify the Government Representative within the said ten days and claim the necessary compensation, he shall have no right to do so.

12 - EXECUTION OF THE WORK

12.1 The Contractor shall implement, complete, and maintain the work of the Contract and Directives in all matters pertaining to the work, regardless of whether mention of this is made or not in the Contract. The Contractor shall receive the instructions and directives from the Government Representative or his designee within the limits indicated in Article No. (2) of these conditions.

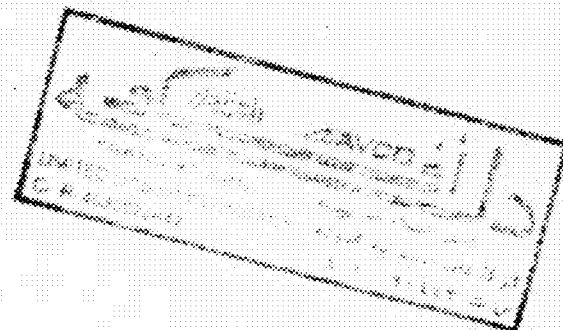
12.2 The Contractor shall abide by the following:

- a. He shall purchase local products and he may not use similar imported products for the purpose of implementing the Contract.



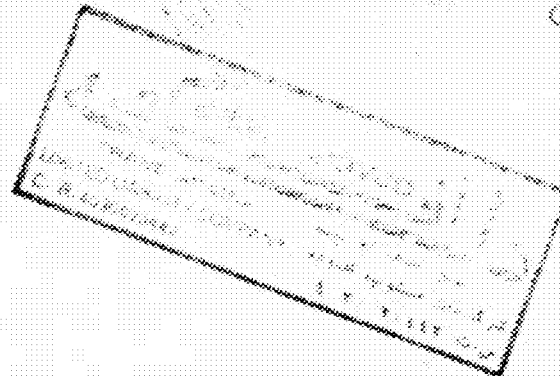
VOLUME I - EXHIBIT B
GENERAL CONDITIONS

- b. The materials used for the implementation of the Contract - whether they are locally made or imported - shall conform with the standard specifications approved by the Saudi Arabian Organization for Standards and Specifications. As for the materials that do not have Saudi standard specifications, they shall conform with one of the internationally well known specifications as determined by the person overseeing the implementation of the work.
- c. The Contractor shall respect all standards and by-laws relative to environmental protection in the Kingdom and which are issued by the competent authorities.
- d. The Contractor shall purchase the tools and equipment necessary for the implementation of his Contract from the Saudi agents of such tools and equipment in the Kingdom, and he shall not import these tools and equipment directly from abroad unless for his personal use.
- e. The Contractor shall obtain the following services from local Saudi establishments:
 - 1) Transport commodities and personnel inside the Kingdom if such transport is not directly performed by the Contractor by means of his own equipment and personnel directly working for him.
 - 2) Local insurance services.
 - 3) Banking services.
 - 4) Rental and purchase of land and buildings.
 - 5) Accommodation and supply of foodstuffs.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

- 12.3 The Contractor shall submit his letters, accounts, and data to the administrative agency in the Arabic Language and shall keep his records and all of his accounts and documents locally in the Arabic Language and under his responsibility, accompanied with a certificate issued by a chartered accountant authorized to work in the Kingdom. In case of violation of this condition, appropriate penalties shall be applied.
- 12.4 The Contractor shall provide air transport for all that should be transported by air and is necessary for the implementation of the Contract such as passengers, materials, and others by means of Saudi Arabian Airlines. In case of violation of this condition, appropriate penalties shall be applied. The Contractor shall also transport by sea any materials that should be transported by sea and that are necessary for the implementation of the Contract by means of Saudi ships and vessels as per the instructions and orders issued in this regard.
- 12.5 The Contractor shall - upon signing any Contract whose value exceeds five million riyals - submit to the competent Government authority the necessary insurance policy that indicates that he has insured the project and its basic components during its implementation and up to the date of preliminary hand-over by means of a national insurance company.



13 - WORK SCHEDULE

The Contractor shall enclose with his bid a time table indicating the order of progress of the work and the way he suggests for implementation of the work. The Contractor shall also present to the Government Representative or his designee upon request any written detailed information regarding the arrangements necessary for the implementation of the work, equipment, and the provisional work that the Contractor intends to submit or use as is the case.

14 - CONTRACTOR REPRESENTATION AND SUPERVISION

The Contractor represents and warrants that the Contractor is fully experienced and properly qualified to perform the Services provided for herein, and that the Contractor is properly licensed, equipped, organized, and financed to perform such Services. The Contractor shall act as an independent Contractor and not as an agent of the Government or the Contracting Officer or his designee except, insofar as in performing the Contract and in maintaining complete control over Contractor Employees and Subcontractors, the Contractor shall perform the Services in accordance with Presidency of Civil Aviation requirements, policies and procedures, and under the guidance and control of the Contracting Officer or his designee. Nothing contained in the Contract shall create any contractual relationship between the Government and any other party. The Contractor shall perform the Services in accordance with the highest industry standards and in compliance with the Contract.

15 - THE CONTRACTOR'S PERSONNEL

The Contractor shall employ competent, skilled, and experienced personnel to perform the Services. The Government reserves the right to review resumes, interview, and approve all personnel selected for employment by the Contractor. The Government reserves the right to require the removal of any personnel of the Contractor without stating a reason. The Contractor is responsible for maintaining labour relations in such manner that there is harmony among personnel.

Contractor's management, supervisory, technical, logistics, and data entry personnel working in connection with the performance of the Services, or in connection with any obligation arising under the Contract shall be fluent in the English Language. Knowledge of the Arabic

VOLUME I - EXHIBIT B
GENERAL CONDITIONS

Language is essential except as approved by the Government designee. All other personnel working in connection with the performance of the Services shall be able to communicate in the English Language to the extent necessary for their respective duties.

The Contractor shall take into consideration as an essential factor in selection of at least minimum experience as specified in Volume IV, Position Descriptions, and the ability of its personnel both to support the Saudi Air Navigation System to a high standard, and to participate in and contribute to the training of the Saudi National work-force.

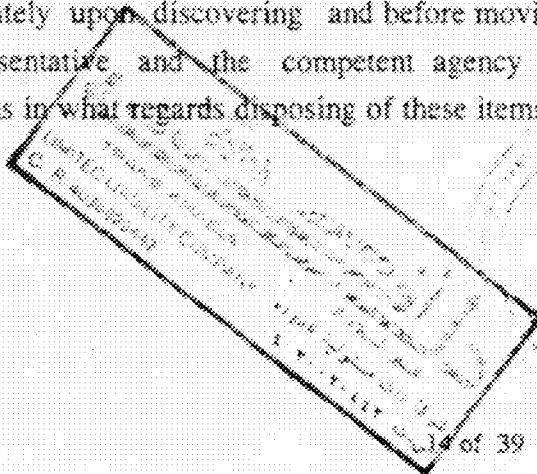
The Contractor and his personnel shall adhere to Government rules and regulations relating to the sites and facilities including, but not limited to, use of Government vehicles, starting and quitting times, smoking regulations, check-in and check-out procedures, safety regulations, daily clean-up, and personnel housing arrangements.

The Contractor shall - as for the instructions and orders of the Government Representative - provide the opportunity to any -of the other Contractors employed by the Government to implement their own work and he shall provide the same opportunity to the workers of such Contractors or of the Government workers used on or at the proximity of the site for the purpose of implementing any work that is not contained in the Contract, or for implementing any Contract concluded with the Government and related to or attached to or supplementing the work.

16 thru 19 - NOT USED

20 - REMAINS OF ANTIQUITIES, VALUABLE ITEMS AND OTHERS

All monies, valuable items, antiques, buildings, monuments, and all other geologically or archaeologically valuable things discovered at the work site shall be the sole property of the Government and the Contractor shall take all necessary precautions to prevent his workers or any other individuals from moving or damaging any of these items. The Contractor shall also - immediately upon discovering and before moving such items - inform the Government or his representative and the competent agency of such discovery and shall follow his instructions in what regards disposing of these items at the expense of the Government.



14 of 39

VOLUME I - EXHIBIT B
GENERAL CONDITIONS

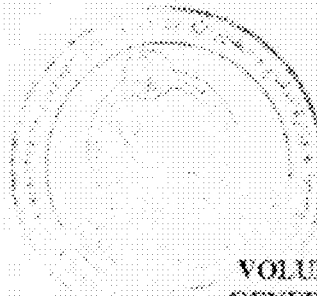
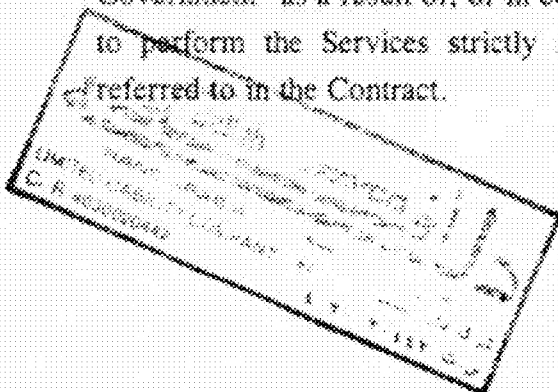
21 - PATENT RIGHTS OWNERSHIP, AND INDEMNITY**a. Patent Rights**

The Contractor hereby indemnifies and shall defend and hold harmless the Government and the Contracting Officer or his designee and their representatives respectively from and against all claims, losses, costs, damages, and expenses, including attorney's fees, incurred by the Government and the Contracting Officer or his designee and their representatives as a result of, or in connection with any claims or actions based upon infringement or alleged infringement of any letters, patents, registered design, trademark, or copyright arising out of the use of the equipment furnished under the Contract by the Contractor, or out of the processes or actions employed by, or on behalf of the Contractor in connection with the performance of the Contract. The Contractor shall, at its sole expense, promptly defend the Government against any infringement of letters, patents, registered design, trademark, or copyright upon appropriate notification by the Contracting Officer or his designee.

The Contractor shall have the right, in order to avoid such claims or actions, to substitute at its expense non-infringing equipment or processes or to modify such infringing equipment and processes so they become non-infringing or obtain the necessary licenses to use the non-infringing equipment or processes provided that such substituted and modified equipment and processes shall meet all the requirements and be subject to all the provisions of the Contract.

b. Indemnity

- 1) **Professional Negligence:** The Contractor shall hold the Government fully and effectively indemnified against any losses, liabilities, costs, claims, actions, or demands which the Government may incur or which may be made against the Government as a result of, or in connection with any failure by the Contractor to perform the Services strictly in accordance with the standards set out or referred to in the Contract.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

- 2) **Public Liability:** The Contractor shall be solely responsible for any loss, damage, or injury to any persons or property which may wholly or partly result from the Contractor's discharge of his obligations under the Contract and Saudi Arabian Law. The Contractor shall hold the Government fully indemnified against such loss, damage, or injury. This indemnity shall also extend to the consequences of all actions by the Contractor's personnel employed in connection with the Contract.

22 thru 25 - NOT USED

26 - USE OF LABOUR

The Contractor shall take special measures for using and treating all National or Foreign labour according to the labour law, the social security law, the residence law and others, and he shall provide his workers with necessary requirements, including sanitary housing, means of transportation, and the Contractor shall, at its own expense, arrange for medical services and facilities for any of its personnel requiring in-patient or out-patient treatment.

27 - LIST OF WORKERS

The Contractor shall - at the times specified by the Government Representative or his designee - provide a detailed list showing the names of all of Contractor Program Management employees and workers and any other information requested by the Government representative or his designee.

28 - NOT USED

29 - ACCESSING THE SITE

The Government shall grant the Contractor access to the sites and facilities, to enable the Contractor to perform its obligations under the Contract. The Government will issue the necessary passes for authorized Contractor personnel after applications and fees, if required, have been received from the Contractor in accordance with Government procedures.

30 and 31 - NOT USED

32- SUSPENSION, TERMINATION FOR DEFAULT, AND OPTIONAL TERMINATION

A) Suspension:

The Government may, at its sole option, suspend at any time the performance of all or any portion of the Services to be performed under the Contract. The Contractor will be notified of such decision by the Government in writing. During the period of suspension, the Contractor shall use his best efforts to utilize his labour, equipment, and facilities including Government-furnished equipment and facilities in such a manner as to minimize the costs associated with the suspension. Also during the period of suspension of all or any portion of the Services, arrangements shall be made for a Contractor Designated Representative to be available for any emergency services which may be required.

- 1) Upon receipt of any such notice, the Contractor shall, unless notice requires otherwise;
 - a) immediately discontinue performance of all or any portion of the Services on the date and to the extent specified in the notice;
 - b) place no further Orders or Contracts for Services or facilities with respect to the suspended Services other than to the extent required in the notice; and
 - c) promptly make every reasonable effort to obtain suspension, upon terms satisfactory to the Government Representative or his designee, of all orders, subcontracts, and rental agreements to the extent they relate to performance of the Services suspended.
- 2) The Contractor shall be fully reimbursed for services that have been completed, until the date of the suspension, in accordance with Article 32 of these General Conditions.

The Contractor shall not be reimbursed for any services executed or any related Contract made after the suspension date.

- 3) Upon receipt of notice to resume suspended Services, the Contractor shall immediately resume performance of said suspended Services to the extent required in the notice. Any claim on the part of the Contractor for time extension or compensation shall be made within ten (10) calendar days after receipt of notice to resume the Services.
- 4) No compensation or extension will be granted if suspension results from the Contractor's non-compliance with the requirements of this Contract or from the Contractor's non-performance of any or all of its contractual obligations.

B. Termination for Default:

If the Contractor fails to perform any of the Services in accordance with the terms and conditions of the Contract, the Government is entitled to consider such failure a default. If the Contractor fails to remedy such a default within fifteen (15) calendar days following receipt of written notice of such default, the Government is entitled to withhold any amounts otherwise due under the Contract, or to terminate all or any portion of this Contract.

Thereupon, the Government will be entitled to continue such services by whatever method the Government may deem appropriate. The Government will also be entitled to take possession of any and all of the tools, equipment, supplies, and property for which the Contractor has custodial responsibility including those items for which title passed to the Government in accordance with Volume II, Exhibit G, Article 1-7.

The cost of so completing such Services, including a reasonable charge as determined by the Government for administering any Contract for such completion, will be charged to the Contractor. Such cost will be deducted by the Government out of such monies as may be due at the time of default or thereafter to the Contractor, including but not limited to its Performance Bond. If such cost exceeds the amount which would have otherwise been payable under the Contract, the Contractor shall upon notice from the Government Representative or his designee promptly pay to the Government the amount of such excess. If the Contractor fails to pay the excess

[Faint, illegible text and signature]

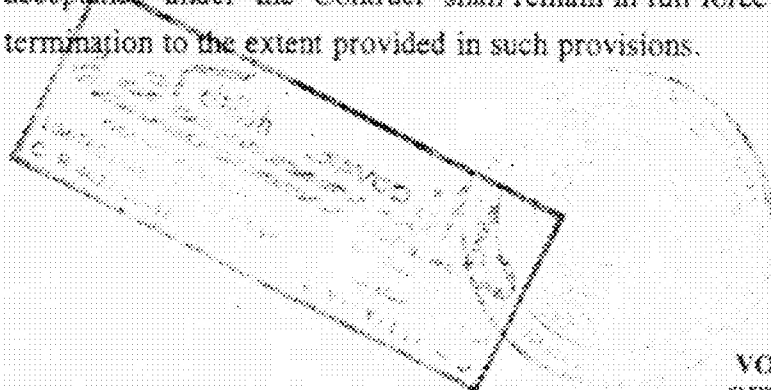
amount, the Government will be entitled to recover such excess from amounts due the Contractor from work of other Government projects. The Government will also be entitled to take possession of and dispose of any Contractor owned equipment and material provided that the recovered amount shall not exceed the amount due from the Contractor.

Upon receipt of any such written notice of termination, the Contractor shall, at its expense, for all or any portion of the Services affected by any such termination:

- 1) assist the Government Representative or his designee in making an inventory of all of the equipment located at, in, or on the sites and facilities, en route to the sites and facilities, in storage away from the sites and facilities, and equipment on order from suppliers; and
- 2) assign to the Government subcontracts, supply Contracts and equipment rental agreements, all as designated by the Government Representative or his designee.
- 3) the Contractor shall not conclude any Contracts, commitments, or assignments of the Contract after receiving Notice of termination.

C. Optional Termination

- 1) The Government may, at its sole option, terminate the Contract in whole, or in part, at any time by a ninety (90) day written notice to the Contractor. Upon any such termination, the Contractor shall waive any claim for damages, including loss of anticipated profits as a result of the termination, but as the sole right and remedy of the Contractor, the Government will remunerate the Contractor in accordance with Article 32C(3) below, provided, however, that those provisions of the Contract which by their very nature survive final acceptance under the Contract shall remain in full force and effect after such termination to the extent provided in such provisions.



VOLUME 1 - EXHIBIT B
GENERAL CONDITIONS

- 2) Upon receipt of any such notice, the Contractor shall:
 - a) immediately discontinue performance of all or any portion of the Services on the date and to the extent specified in the notice;
 - b) place no further Orders or Contracts for services or facilities other than as may be necessary or required for completion of such portion of the services under the Contract which have not been terminated;
 - c) promptly make every reasonable effort to obtain cancellation upon terms satisfactory to the Government of all orders and subcontracts to the extent they relate to the performance of all or any portion of the Services terminated or assigned to the Government those orders and subcontracts and revoke Contracts or subcontracts specified in such notice; and -
 - d) assist the Government, as specifically requested in writing, in the maintenance, protection, and disposition of property acquired by the Government under the Contract.
- 3) Upon any such termination, the Government will pay to the Contractor an amount determined in accordance with the following:
 - a) All amounts due and not previously paid to the Contractor for all or any portion of the Services completed in accordance with the Contract prior to such notice, and for all or any portion of the Services thereafter completed as specified in such notice.
 - b) Any other reasonable costs incurred pursuant to Article 32C2(d).

33 thru 39 - NOT USED

40 - ACCEPTABLE PERFORMANCE LEVELS

Volumes II & III contain the Statement of Work (SOW) and the Scope of Services to be performed by the Contractor. The Services shall be subject to the quality inspection, surveillance, and approval of the Government at all times, but none of the foregoing shall relieve the Contractor of responsibility for the proper performance of the Services.

If the Contractor fails to attain the required level of performance specified in the Contract for any reason, including but not limited to failure to comply with the instructions of the Government Representative or his designee issued pursuant to the Contract, failure to perform any of its obligations under the Contract, delay in the performance of any portion of the Services or negligent performance of the Services, the Government may, in accordance with the Ministry of Finance and National Economy Circular No. 17/1404 dated 16-4-1403H, deduct amounts related to the value of the Services not performed. Deductions for delay penalties may not exceed ten percent (10%) of the total Contract price in accordance with Article 36 of the Government Procurement Regulations.

The Government shall have the right to give the Contractor a written notice directing the Contractor to correct such deficiencies. If the Contractor does not promptly correct such deficiencies within fifteen (15) days from the date of such written notice, the Government may perform the Contract Services for the account of the Contractor, or terminate or suspend the Contract wholly or partially in accordance with the Articles 32A and 32B of these General Conditions.

In accordance with Article 29 of Government Procurement Regulations, the Government and Contractor or supplier shall perform the Contract in accordance with its terms; if the Contractor fails to do so, the Government may, after serving a notice on him by registered mail and the lapse of fifteen (15) days without rectification of this situation, perform the Contract at his expense or annul the Contract, and in both cases the Government shall be entitled to compensation. If the Government fails to carry out its commitments, the Contractor may claim compensations after serving notice on it by registered letter to correct the situation within fifteen (15) days. The Contractor may not halt performance of the Contract on the grounds that the Government has failed to fulfill its commitments.

41 - NOT USED

42 - SEARCH FOR DEFECTS

The Contractor shall, if required by the Government Representative or his designee in writing, determine the cause of any defect, imperfection, or fault. Unless such defect, imperfection, or fault shall be one for which the Contractor is liable under the Contract, the cost of performing the services carried out by the Contractor in such investigation shall be borne by the Government. But if such defect, imperfection, or fault shall be one for which the Contractor is liable, the cost of performing the services carried out in such investigation shall be borne by the Contractor and it shall, in such case, repair, correct and make good such defect, imperfection, or fault at its own expense.

43 - CONTRACT CHANGES**1. Changes:**

The Government may at anytime, without invalidating the Contract, make any change of the form, quality, or quantity of the Services or any part thereof that may, in its opinion, be necessary or desirable. In case of reduction or increase of manning services, a Government written notice of such reduction or increase will be provided to the Contractor ninety (90) days prior to the date of such reduction or increase of these services. The Contractor shall extend the Contract performance period or eliminate the positions as so directed and will adjust his billings. Such reduction or increase shall be subject to this Article 43 and Articles 44A and 44B of these General Conditions. The Government may order the Contractor to do, and the Contractor shall do, any of the following:

- a) increase or decrease the quantity of any of the services included in the Contract;
- b) omit any such service;
- c) change the character or quality or kind of any such services;
- d) extension of the services performance period; and

- e) execute additional service of any kind associated with the services.

No change shall in any way vitiate or invalidate the Contract, but the value (if any) of all changes shall be taken into account in ascertaining the amount of the Contract Price. It is understood and mutually agreed, the Contract Price shall not be increased by more than ten percent (10%) nor reduced by more than twenty percent (20%) without requiring re-negotiation and Contract Amendment as described in Article 44A, Valuation of Changes.

2. Orders for Changes to be in Writing

No changes shall be made by the Contractor without an Order in writing from the Government Representative or his designee; provided that, if for any reason, the Government Representative or his designee shall consider it desirable to give any Change Order orally, the Contractor shall comply with such Order, and the confirmation in writing of such oral Order given by the Government Representative or his designee shall be deemed to be an Order in writing within the meaning of this Article.

All oral Change Orders issued by the Government Representative or his designee shall not be executed unless confirmed by a written Order, given within seven (7) days from the date of the oral Change Order.

44 - VALUATION OF CHANGES, CHANGE NOTICES, AND CLAIMS

A. Valuation of Changes:

The Government Representative or his designee will determine the amount (if any) which, in his opinion, should be added to or deducted from the Contract Price in respect of any extra or additional service performed or service omitted by the Government Representative or his designee's Order. All such service shall be valued at the prices set out in the Contract Financial Conditions, if in the opinion of the Government Representative or his designee the same shall be applicable.

**VOLUME I - EXHIBIT B
GENERAL CONDITIONS**

If, in the opinion of the Government Representative or his designee, the Contract does not contain prices applicable to the omitted or additional service, then it will be submitted to the Government Representative for evaluation and determination of such prices.

Should the Government increase or decrease the scope of the Services or quantity of any pay item thereof such that the Estimated Total Price of the Contract originally signed increases by not more than ten percent (10%) or decreases by not more than twenty percent (20%), the estimated Total Price of the Contract as originally signed shall be amended by such sum and shall be agreed upon between the Government and the Contractor in accordance with the Ministry of Finance and National Economy Circulars No. 12/5390 dated 27/4/1401 and No. 4786/12 dated 10/4/1388.

B) Change Notices:

1. Each Order for change will be described in a Change Notice issued by the Government which will state either:
 - a) The change will not cause a change in the Contract Price; or
 - b) The change involves a change in the Contract Price.
2. If the Contractor agrees with the terms and conditions of a Change Notice conforming to Article 44A of this General Conditions, he shall sign the Change Notice and return it to the Government within seven (7) calendar days of receipt. Such Change Notice shall have the full force and effect of a Contract Amendment, and the Contractor shall proceed with the services as stated by the Change Notice.
3. If the Contractor disagrees with a "No Cost" Change Notice and considers that the terms and conditions of a Change Notice conforms to Article 44A of this General Conditions and gives rise to a cost which should be added to the Contract Price, such a cost shall be treated as a claim in accordance with Article 44C, Claims.



**VOLUME 1 - EXHIBIT B
GENERAL CONDITIONS**

4. When the Change Notice states that a change in the Contract Price will be required, the Contractor shall sign the Change Notice and return it to the Government Representative or his designee within fourteen (14) calendar days of receipt, together with a proposal for providing the changed services. The proposal shall contain detailed breakdowns on cost and shall indicate the applicable unit prices for the variations in accordance with Volume 1, General Conditions, Article 44A, Valuation of Changes.
5. The Contract Amendment will be signed by both parties when applicable under Article 44B of this General Conditions to provide for a change in Contract Price or any other terms or conditions of this Contract.

C) **Claims:**

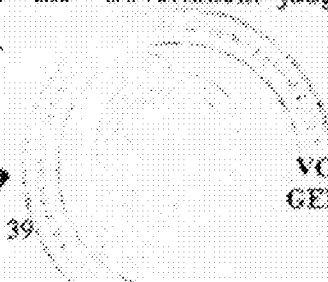
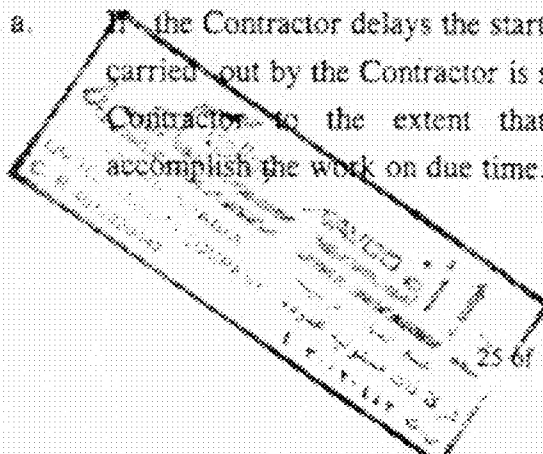
The Contractor shall send to the Government Representative or his designee once in each month an account giving particulars (as full and detailed as possible) of all claims for any additional expense beyond that specified in the Contract to which the Contractor may consider himself entitled and of all extra or additional services ordered by the Government Representative or his designee which he has executed during the preceding month. No claim for payment for any services will be considered which has not been submitted with details supporting such claims.

45 thru 52 - NOT USED

53 - WITHDRAWING THE WORK FROM THE CONTRACTOR

Notwithstanding the other relevant regulations, the Government has the right to do the following:

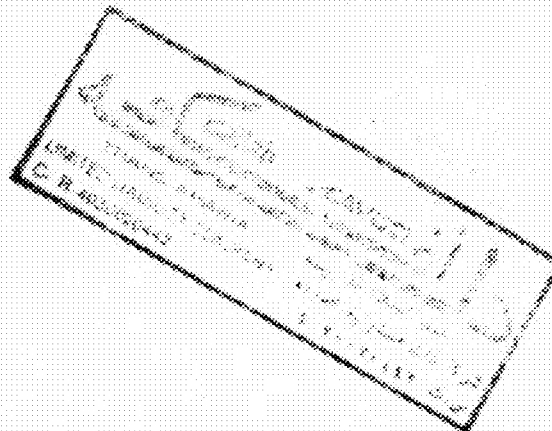
- I. Withdraw the work from the Contractor and take possession of the site in any one of the following cases:
 - a. If the Contractor delays the start-up of the work or if the progress of the work carried out by the Contractor is slow or if the work is totally suspended by the Contractor to the extent that the Government judges it impossible to accomplish the work on due time.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

- b. If the Contractor withdraws from carrying out the work, or if he gives up or leaves or relinquishes or subcontracts the work without the prior written permission of the Government.
 - c. If the Contractor violates any of the conditions of the Contract or abstains from respecting any of his contractual obligations and does not remedy such situation despite the fact that fifteen days have expired since he received a written notification to this effect.
 - d. If the Contractor - in person or by other means - presents or promises any gift or loan or bonus to any Government employee or worker or any other person having any relation with the work that is the object of the Contract.
 - e. If the Contractor becomes bankrupt or requests to be declared bankrupt, or if there is evidence -of the Contractor's insolvency, or if an Order was issued to place the Contractor under state control, or if the Contractor is a company that has been liquidated or dissolved.
- II. Withdrawing the work from the Contractor shall be by written notification based upon the recommendation of the Bid Inspection Committee without need to take any judicial procedures or other.
- III. The Government may - at its own discretion - take the necessary measures that ensure the implementation of the work according to the required specifications and within the specified time limit, including assigning the management of the project to a consulting office without any need for withdrawing the work.
- IV. The Contractor shall not delay, suspend, or stop the execution of the work without receiving written instruction or directives, from the Government.

54 - NOT USED



A handwritten signature or mark, possibly a stylized "R" or "C", located to the right of the tilted stamp.

VOLUME I - EXHIBIT B
GENERAL CONDITIONS

55 - SPECIAL RISKS, FORCE MAJEURE

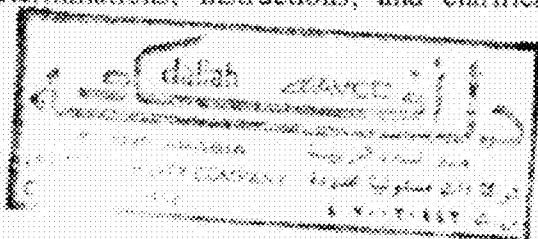
1. Except as herein expressly provided to the contrary, neither party to the Contract will be liable for any failure of or delay in the performance of its obligations or the exercise of its rights hereunder or for any loss or damage (including indirect or consequential damages) therefore, if such performance or exercise is delayed in whole or in part by reason of force majeure.
2. Examples of Force Majeure include, without limitation, Acts of Nature, perils of the sea, shipwrecks, fires, floods, atmospheric disturbances, storms, earthquakes, epidemics, wars, or any other occurrences beyond the control of the party affected by such occurrences and which by the exercise of reasonable diligence, said party is unable to expect, prevent, or provide against.
3. The party affected by reason of force majeure from the proper performance of the Services shall notify the other party in writing of the circumstances constituting the force majeure and of the obligation or performance which is thereby delayed or prevented.
4. Any effects from fluctuations in national and international economies are specifically excluded from this Article.

56 - SPECIAL RISK, WAR

In the case of the Contract being terminated due to the breaking out of war as previously indicated, the Government shall pay to the Contractor all his dues in exchange of the work that he has implemented in addition to the value of materials and goods supplied to the site after deducting the amounts remaining due to the Government in the Contractor's debt from the balance of the amounts paid to the Contractor or any other amounts paid to the Contractor in connection with the implementation of the work.

57 - CONTRACT INTERPRETATION AND SETTLEMENT OF DISPUTES

All questions concerning interpretation or clarification of the Contract shall be submitted in writing to the Government Representative or his designee for determination. All determinations, instructions, and clarifications by the Government Representative or his



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

designee will be issued within fourteen (14) calendar days of the Contractor's request. The Government Representative's decision will be final, unless the Contractor files with the Government Representative or his designee within fourteen (14) calendar days of any such determination, instruction, or clarification a written protest stating clearly and in detail the basis thereof. The Government Representative or his designee will issue a decision upon each such protest within fourteen (14) calendar days after receipt of the said protest. At all times, the Contractor shall proceed with the Services in accordance with the determinations, instructions, and clarifications of the Government Representative or his designee. The Contractor shall be solely responsible for requesting instructions or interpretations and shall be solely liable for any cost and expenses arising from its failure to do so. The Contractor's failure to protest in writing the Government Representative or his designee's determinations, instructions, clarifications or decisions within fourteen (14) calendar days after receipt thereof shall constitute a waiver by the Contractor of all of its rights to further protest, judicial or otherwise.

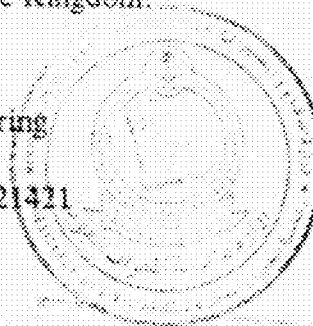
Notwithstanding the foregoing provisions, but only after full and timely compliance therewith, the Contractor may refer disputes to the Board of Grievances provided such referral shall be pursued only after written notice has been made to the Government of the Contractor's intent to so refer within fourteen (14) calendar days of the disputed decision of the Government and only if the referral is made on the basis that the Government's decision was unreasonable, arbitrary, capricious, or not in accordance with the Contract or applicable law. The decision of the Board of Grievances shall be final and binding on all parties.

58 - SENDING NOTIFICATIONS

Notifications and notices related to this Contract shall be delivered either personally against a receipt or by official or registered mail and shall be considered as received if delivered by any of these means at any of the following addresses in the Kingdom:

For the Government: Presidency of Civil Aviation
 Director-General, Airways Engineering
 P.O. Box 887
 Jeddah, Saudi Arabia, Postal Code 21421
 Telex: 403196 PCAAE

For the Contractor: Dallah Avco Trans Arabia Company
 PO Box 430, Jeddah 21411
 Telex: 401482 DALLAH



**VOLUME I - EXHIBIT B
 GENERAL CONDITIONS**

Addresses may be changed by notifying the other party thirty days before the addresses are changed.

59 - NEGLECT ON THE PART OF THE EMPLOYER

The employer shall respect the terms of the Contract in good intentions and shall pay to the Contractor invoices, billings without delay. In the event the employer violates any of the conditions of the Contract or neglects payment on due time, the Contractor may request compensation for any losses resulting from such neglect or violation.

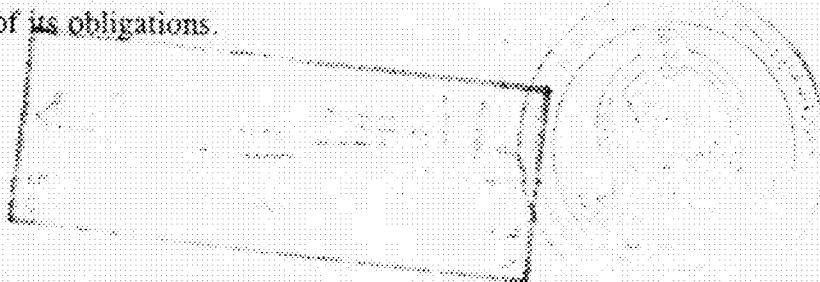
However, the Contractor may not suspend the work on the basis of delayed payment on the part of the employer as a result of any error committed by the Contractor and the Contractor shall be deemed as relinquishing any right for compensation that he does not claim within thirty days from the occurrence of the incident on the basis of which the compensation is claimed.

60 - TAXES AND FEES

The Contractor shall be subject to the Saudi Regulations governing taxes and fees and he shall be responsible for paying such taxes and fees on due time and in the amounts due to the competent authorities.

The Contractor shall pay all due amounts of Zakat and Taxes, which shall include but not limited to income tax, sales tax, utilization tax, capital tax, levies, custom duties and all assessment of any kind. The Contractor shall make deductions as officially imposed by the Government and its authorized representative from any obligation resulting from these fees, levies, taxes, excise, assessment and all deductions.

The Government shall attempt (if requested so by the Contractor) to cooperate with him in clearance of materials and equipment that are required for the implementation of services provided that such cooperation by the Government shall not relieve the Contractor from discharging of its obligations.



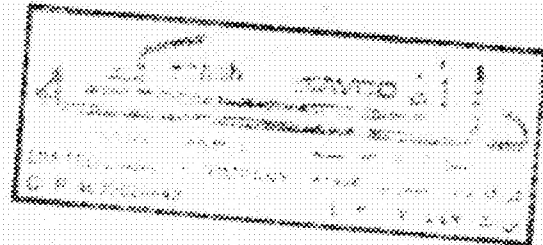
A handwritten signature or mark, possibly a date or initials, located to the right of the stamp.

61 - IMPORT AND CUSTOM REGULATION

- (1) The Contractor certifies his knowledge of the fact that import and customs regulations and instructions enforced in the Kingdom apply to the supply and shipping of any products or any parts thereof to and from the Kingdom, including the regulation concerning prohibition imports.
- (2) The Government - as for the general authority that it is entitled - has the sole right for final selection of the carriers or insurance company or companies that provide services in the Kingdom or any goods supplied as per the provisions and terms of this Contract and that are suggested by the Contractor.

62 WORDS AND PHRASES:

Where the words "required", "approved", "satisfactory", "determined", "acceptable" or similar words are used in the Contract, action by the Contracting Officer or his designee is indicated unless the context clearly indicates otherwise, and all Work shall be in accordance therewith. Such action, or failure to act, shall not relieve the Contractor of its obligations for performance of the Contractor. Wherever it is provided in the Contract that the Contractor shall perform certain Work "at its expense" or "without charge" or "at the account of the Contractor" or that certain Work "will not be paid for separately", such quoted words mean that the Contractor shall not be entitled to any additional compensation from the Government for such Work, and the cost thereof shall, unless otherwise specified, be considered as included in payment for other items of Work.



VOLUME I - EXHIBIT B
GENERAL CONDITIONS

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
Special Specifications
Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

VOLUME - I
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V)
EXHIBIT C - FINANCIAL CONDITIONS
TABLE OF CONTENTS

<u>ARTICLE</u>	<u>T I T L E</u>	<u>PAGE NO.</u>
1	FUNDING SUMMARY	1 of 13
1-1	MAN-MONTH FUNDING (INCLUDED IN 1-3)	1 of 13
1-2	LOGISTICS SUPPORT SERVICES FUNDING (INCLUDED IN 1-3)	1 of 13
1-3	TOTAL FUNDS AUTHORIZED	2 of 13
2	PAYMENT PROCEDURES TECHNICAL AND SUPPORT MAN-MONTH SERVICES	2 of 13
2-1	MONTHLY PAYMENTS - MAN-MONTHS SERVICES	2 of 13
2-2	ANNUAL RECONCILIATION - MAN-MONTH SERVICES	4 of 13
2-3	PROVISIONAL ACCEPTANCE - MAN-MONTH SERVICES	4 of 13
2-4	ANNUAL SETTLEMENT OF CLAIMS - MAN-MONTH SERVICES	5 of 13
2-5	FINAL RECONCILIATION - MAN-MONTH SERVICES	5 of 13
2-6	FINAL ACCEPTANCE - MAN-MONTH SERVICES	5 of 13
3	PAYMENT PROCEDURES - LOGISTICS SUPPORT SERVICES	6 of 13
3-1	MONTHLY PAYMENTS - LOGISTICS SERVICES	6 of 13
3-2	ANNUAL RECONCILIATION - LOGISTICS SERVICES	8 of 13
3-3	ANNUAL SETTLEMENT OF CLAIMS - LOGISTICS SERVICES	8 of 13
3-4	FINAL RECONCILIATION - LOGISTICS SERVICES	9 of 13
3-5	FINAL ACCEPTANCE - LOGISTICS SERVICES	9 of 13
4	CONTRACT CLOSING PROCEDURES	9 of 13
4-1	TERMINATION OF LOGISTICS PROCUREMENT ACTIONS	9 of 13



VOLUME - I
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V)
EXHIBIT C - FINANCIAL CONDITIONS
TABLE OF CONTENTS

<u>ARTICLE</u>	<u>T I T L E</u>	<u>PAGE NO.</u>
4-2	SETTLEMENT OF MARRIED STATUS - ACCOMPANIED/UNACCOMPANIED POSITION	10 of 13
4-3	FINAL ADJUSTMENTS	10 of 13
4-4	FINAL ACCEPTANCE OF SERVICES	10 of 13
4-5	CONTRACTOR SUBMISSION OF GOVERNMENT CERTIFICATION	10 of 13
4-6	STATEMENTS OF OUTSTANDING CLAIMS	11 of 13
4-7	NON-SETTLEMENT OF CLAIMS	11 of 13
4-8	FINAL PAYMENT AND CONTRACT CLOSURE	12 of 13
5	PERFORMANCE BONDS	12 of 13
5-1	PERIOD OF EFFECTIVITY	12 of 13
5-2	RELEASE OF PERFORMANCE BOND	13 of 13

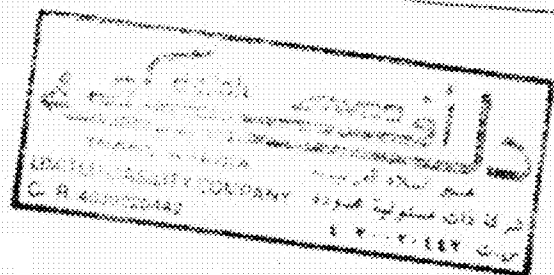


EXHIBIT 'C'
FINANCIAL CONDITIONS

1 FUNDING SUMMARY

Set forth below is a summary of total funds authorized for anticipated expenditures under this Contract and any extension thereto.

In addition to the initial funding specified herewith, any additional costs or costs occurring by changes as per Government requirements and requests or due to Contract Award delay or continuation of work, which exceed the balance of funds in the respective Contract funding at any time, the Government shall increase the Contract authorized funding as required by the changes or continuation of work.

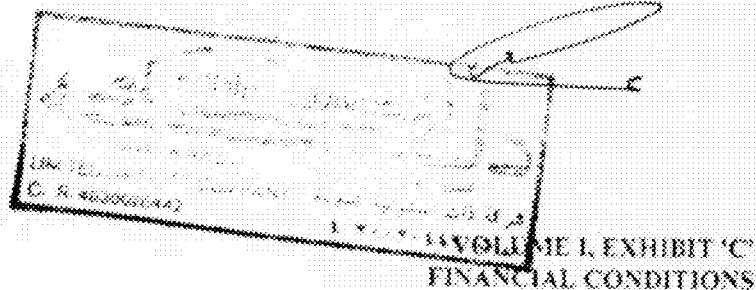
1-1 Man-month Funding (Included in 1-3)

<u>Contractual Years</u>	<u>Total Funding Required Per Year (Saudi Rivals)</u>
<u>1419/20 (1998-1999)</u>	SR <u>66,632,064</u>
<u>1420/21 (1999-2000)</u>	SR <u>63,525,504</u>
<u>1421/22 (2000-2001)</u>	SR <u>60,642,432</u>

GRAND TOTAL (36 Gregorian Months) SR 190,800,000

1-2 Logistics Support Services Funding (Included in 1-3)

Any long lead procurement items which are not completed within this Contract period, the remaining balance of payments and unpaid billing shall be transferred to the following Contract year period funding, subject to the approval of the Government Contracting Officer or its designee.



<u>Contractual Years</u>	<u>Total Funding Required Per Year (Saudi Riyals)</u>
1419-20 (1998-1999)	SR 59,663,000
1420-21 (1999-2000)	SR 59,663,000
1421-22 (2000-2001)	SR 59,662,000

GRAND TOTAL (36 Gregorian Months) SR 178,988,000

1-3 Total Funds Authorized

<u>Contractual Years</u>	<u>Total Funding Required Per Year (Saudi Riyals)</u>
1419-20 (1998-1999)	SR 126,295,064
1420-21 (1999-2000)	SR 123,188,504
1421-22 (2000-2001)	SR 120,304,432

GRAND TOTAL (36 Gregorian Months) SR 369,788,000

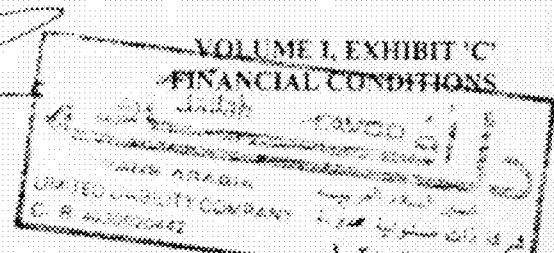
2 PAYMENT PROCEDURES TECHNICAL AND SUPPORT MAN-MONTH SERVICES

2-1 Monthly Payments - Man-month Services

2-1-1 Entitlement

The Contractor shall be entitled each month to be paid for the Technical and Support Man-months provided during the preceding month at the Man-month billing rates prescribed in Attachment D, Article 7-1 of this Exhibit C.

Man-month billing for an employee hired from outside the Kingdom of Saudi Arabia shall commence upon the employee's arrival in Saudi Arabia provided that no more than two (2) working days (as defined in Article 2-13-1 of Exhibit H) elapses between the date of arrival and the date of the employee's first day of work at the assigned PCA work location. Intervals greater than two (2) days as specified herein above shall be at the Contractor's expense. The Contractor may, upon the approval of the Government



representative, hire more than one person on any one identified position in Volume III, Exhibit I, if required, provided the overlap period of the employees does not exceed ten (10) days, and this action shall not affect the total value of the Contract.

Man-month billing for an employee hired within the Kingdom of Saudi Arabia shall commence from the date of the employee's first day of work at the assigned PCA work location.

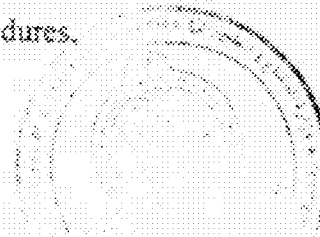
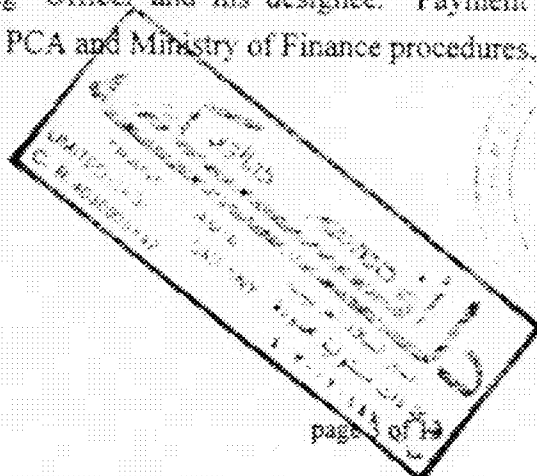
The Man-month billing for an employee hired for a married status position who is accompanied by his family/legal dependents in Kingdom, shall be the corresponding full Man-month rate stated in Article 7-1. However, if an employee is hired for a married status position but not accompanied by his family/legal dependents in Kingdom, the Man-month billing shall be twenty percent (20%) less than the corresponding full Man-month rate as stated in Article 7-1 and as defined in Article 4-2 of this Exhibit C and Article 2-1-5 of Exhibit H of the Contract.

2-1-2 Contractor Invoice

At the end of each Contract month, the Contractor shall provide the Contracting Officer or his designer with two (2) original copies, each in Arabic and English, of the Contractor's invoice for Technical and Support Man-month services for the Contract month then ended, specifying the invoice period, invoice number, man-month levels, man-month billed and Saudi Riyals amount billed. The invoice shall be accompanied by the supporting documentation required in Article 2-1-4 of this Exhibit C, and shall be certified by the Contractor's Authorized Representative.

2-1-3 Payment Due Date

Payment will be due for the amount shown on the Contractor's invoice within sixty (60) calendar days following the date of approval of the Contractor's invoice by the Contracting Officer and his designee. Payment will be made in accordance with applicable PCA and Ministry of Finance procedures.



VOLUME I EXHIBIT 'C'
FINANCIAL CONDITIONS

2-1-4 Supporting Documentation

The Contractor shall provide with its monthly invoices an original, and two copies, each in Arabic and English, of the documents pertaining to man-month employees and billings for man-months, identified and defined in Attachment C, Article 6 of this Exhibit C, and other information as may be required by the Contracting Officer or his designee.

2-1-5 Billing Adjustments

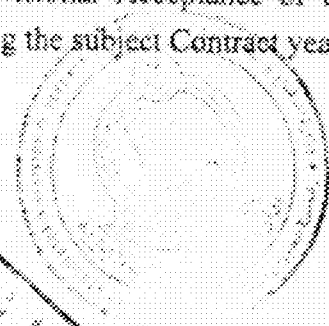
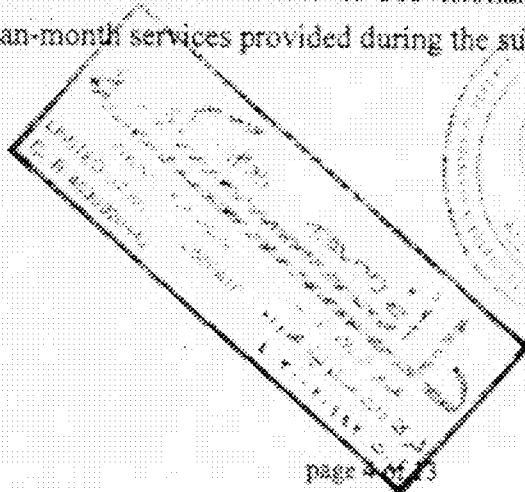
Following the Government's review of the supporting documentation required in the above Article 2-1-4, if any adjustment results from errors and omissions identified by such review, such adjustment shall be made in the invoice for the next month following the Contractor's receipt of written notice of such error or omission.

2-2 Annual Reconciliation - Man-month Services

Within Ninety (90) days after the end of each Contract year, the Contractor shall submit to the Contracting Officer or his designee an original and four (4) copies, each in Arabic and English, of the documents pertaining to Annual Reconciliation of Technical and Support Man-month services, identified and defined in Attachment C, Article 6-2 of this Exhibit C, and other information as may be required by the Contracting Officer or his designee.

2-3 Provisional Acceptance - Man-month Services

Upon receipt of the Contractor's Annual Reconciliation, the Contracting Officer or his designee will, if satisfied with the validity of the information contained therein, provide the Contractor with a Certificate of Provisional Acceptance of the Technical and Support Man-month services provided during the subject Contract year.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

2-4 Annual Settlement of Claims - Man-month Services

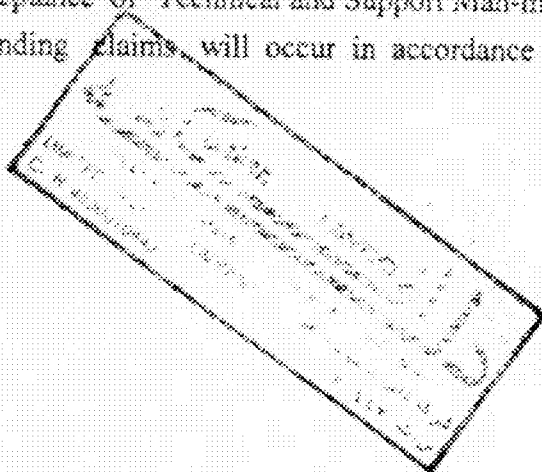
Upon receipt of the Contractor's Annual Reconciliation, the Contracting Officer will enter into negotiations with the Contractor in an effort to mutually resolve claims outstanding from the subject year. For such claims as are resolved which require payment, the Contractor will be entitled to payment upon submission of two (2) copies each in Arabic and English of an invoice or invoices for the amount agreed upon by both parties. Such claims as are not resolved will be dealt with in accordance with Exhibit B, General Conditions, Article 57, Contract Interpretation and Settlement of Disputes.

2-5 Final Reconciliation - Man-month Services

The Annual Reconciliation for the third and final year of the Contract shall be submitted together with a Final Reconciliation of the Technical and Support Man-month Services. Within ninety (90) days after the end of the Contract period the Contractor shall submit to the Contracting Officer or his designee its third Annual Reconciliation for Technical and Support Man-month Services as required in Exhibit C, Attachment C, Article 6-3-2 with the exception of the certificate from the Department of Zakat and Income Tax. In addition, the Contractor shall submit to the Contracting Officer or his designee four (4) copies, each in Arabic and English, of the documents pertaining to a Final Reconciliation of Technical and Support Man-month Services covering the entire Contract period, identified and defined in Attachment C of this Exhibit C, and other information as may be required by the Contracting Officer or his designee.

2-6 Final Acceptance - Man-month Services

Final Acceptance of Technical and Support Man-month Services and the settlement of all outstanding claims will occur in accordance with Article 4, Contract Closing Procedure.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

3 PAYMENT PROCEDURES - LOGISTICS SUPPORT SERVICES

3-1 Monthly Payments - Logistics Services

3-1-1 Entitlement

The Contractor shall be entitled each month to be paid for Logistics Support purchases made during previous months and for Special Cost Items as described in Volume III, Scope of Services, Exhibit H, Article 3 - Special Cost Services and Provisions.

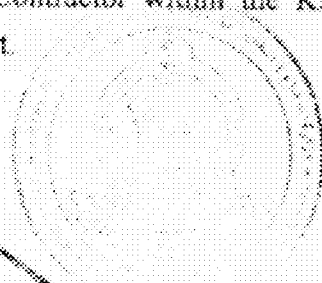
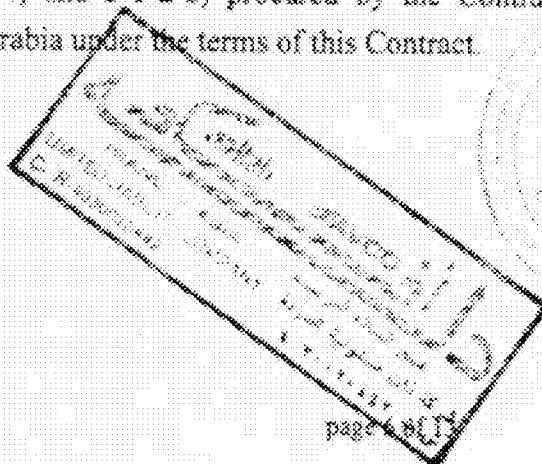
3-1-2 Contractor Invoices

At the end of each Contract month, the Contractor shall provide the Contracting Officer or his designee with two (2) original copies, each in Arabic and English, of the Contractor's invoices for In-Kingdom purchases, Out-of-Kingdom purchases and each Special Cost Item. All In-Kingdom and Out-of-Kingdom Logistics invoices shall be supported by original Vendor invoices, this includes any Out-of-Kingdom Contractual Agreements. Payments will be made against such invoices pursuant to the Ministry of Finance and National Economy Circular No. 17/207, dated 6/6/1407H. the invoices shall be accompanied by the supporting documentation required in Article 3-1-3 of this Exhibit C, and shall be certified and signed by the Contractor's Authorized Representative.

Separate invoices shall be submitted by the Contractor for the following cost items:

3-1-2-1 In-Kingdom Logistics

The invoice shall cover materials and services (excluding Technical and Support Man-month Services, and Special Cost Items referenced in Articles 3-1-2-3, 3-1-2-4, and 3-1-2-6) procured by the Contractor within the Kingdom of Saudi Arabia under the terms of this Contract.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

3-1-2-2 Out-of-Kingdom Logistics

The invoice shall cover materials and services (excluding Technical and Support Man-month Services, and Special Cost Items referenced in Articles 3-1-2-3 through 3-1-2-6) procured by the Contractor outside the Kingdom of Saudi Arabia under the terms of this Contract.

3-1-2-3 Special Cost Items - Overtime

The invoice shall cover overtime hours worked by Technical and Support Man-month personnel in accordance with the terms of this Contract.

3-1-2-4 Special Cost Items - Support Staff

The invoice shall cover costs for Support Staff personnel employed by the Contractor under the terms of this Contract.

3-1-2-5 Special Cost Items - Engineering and Technical Advisors

The invoice shall cover costs for Engineering and Technical Advisory personnel (excluding Technical and Support Man-month Personnel) employed by the Contractor under the terms of this Contract.

3-1-2-6 Special Cost Items - Temporary Duty and Factory Training

The invoices shall cover costs for Out-of-Kingdom Temporary Duty and Factory Training provided by the Contractor under the terms of this Contract.

3-1-3 Supporting Documentation

The Contractor shall provide with its monthly invoices an original and two (2) copies, each in Arabic and English, of documents pertaining to In-Kingdom purchases, Out-of-Kingdom purchases and Special Cost Items, identified and defined in Attachment C of this Exhibit C, and other information as may be required by the Contracting Officer or his designee.



VOLUME I, EXHIBIT C
FINANCIAL CONDITIONS

3-1-4 Billing Adjustments

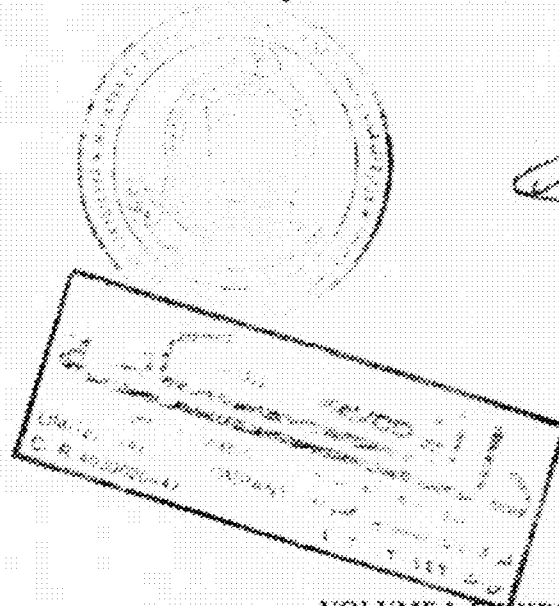
Following the Government's review of the Supporting Documentation required in Article 3-1-3, if any adjustment results from errors and omissions identified by such review, such adjustment shall be made in the invoice for the next month following the Contractor's receipt of written notice of such error or omission.

3-2 Annual Reconciliation - Logistics Services

Within ninety (90) days after the end of each Contract year, the Contractor shall submit to the Contracting Officer or his designee an original and four (4) copies, each in Arabic and English, of the documents pertaining to an Annual Reconciliation of Logistics Services identified and defined in Attachment C of this Exhibit C, and other information as may be required by the Contracting Officer or his designee.

3-3 Annual Settlement of Claims - Logistics Services

Upon receipt of the Contractor's Annual Reconciliation, the Contracting Officer will enter into negotiations with the Contractor in an effort to mutually resolve claims outstanding from the subject year. For such claims as are resolved which require payment, the Contractor shall be entitled to payment upon submission of two (2) copies each in Arabic and English of an Invoice or Invoices for the amount agreed upon by both parties. Such claims as are not resolved will be dealt with in accordance with Exhibit B, General Conditions, Article 57, Contract Interpretation and Settlement of Disputes.



3-4 Final Reconciliation - Logistics Services

The Annual Reconciliation for the third and final year of the Contract shall be submitted together with a Final Reconciliation of the Logistics Support Services. Within ninety (90) days after the end of the Contract period, the Contractor shall submit its third Annual Reconciliation as required in Article 3-2. In addition, the Contractor shall submit a detailed reconciliation of all the Contract years in accordance with procedures developed by the Contractor and submitted for Government approval as part of the Contractor's Phase-Out Plan, as described in Volume III, Scope of Services, Exhibit H, Article 4-6-2.

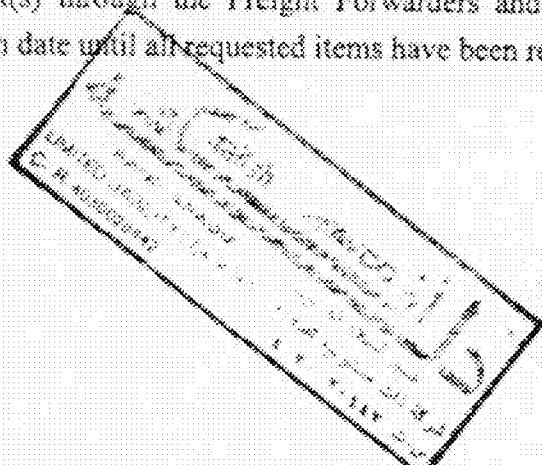
3-5 Final Acceptance - Logistics Services

Final Acceptance for Logistics Support Services and the settlement of all outstanding claims will occur in accordance with the herein under Article 4, Contract Closing Procedures.

4 CONTRACT CLOSING PROCEDURES

4-1 Termination of Logistics Procurement Actions

- 4-1-1 A minimum of ninety (90) days prior to expiration of the Contract, the Contractor shall thereupon take necessary action to ensure orderly termination of his procurement actions upon the date of Contract expiration.
- 4-1-2 The Contractor shall make every possible effort to ensure that vendors meet forecast delivery schedules so that all items arrive in Saudi Arabia before or as soon as possible after the date of Contract expiration. The Contractor will continue processing shipment(s) through the Freight Forwarders and process invoice(s) after the Contract expiration date until all requested items have been received or canceled.



[Handwritten signature]

VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

- 4-1-3 The government will ensure that sufficient funds are made available to cover the costs of materials remaining undelivered at the expiration of the Contract and shall extend the funding availability until final Contract closure.

These amounts must be within the allocated budget of the Contract, pursuant to the Cabinet of Ministers Resolution No. 30 for the year 1408H, which requires not to assign the Contractors with services which may increase their due payments above the allocated Contract funds.

4-2 Settlement of Married Status - Accompanied/Unaccompanied Position

As referenced in Volume III, Exhibit I - Manning Schedule, all positions in Levels 'A' through 'E' are defined as married status. Married status positions are classified as either accompanied or unaccompanied positions, as defined in Article 1 of Exhibit B.

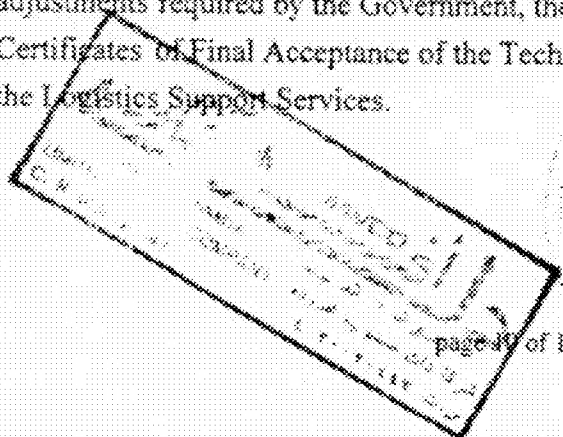
If the Contractor recruits an employee for a married status position, but not accompanied by his family and/or legal dependents in Kingdom, the Government's reimbursement to the Contractor shall be twenty percent (20%) less than the corresponding full man-month rates as stated in Article 7-1.

4-3 Final Adjustments

Upon receipt of the Contractor's Final Reconciliation for Technical and Support Man-month Services and Logistics Support Services, the Government will conduct a review of the aforesaid reconciliation, and the Contractor shall make any necessary adjustments resulting from the Government review.

4-4 Final Acceptance of Services

Upon completion by the Government of the review to its satisfaction of each of the Contractor's Final Reconciliation, and upon the completion by the Contractor of any adjustments required by the Government, the Government will issue the Contractor with Certificates of Final Acceptance of the Technical and Support Man-month Services, and the Logistics Support Services.



page 49 of 13

VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

4-5 Contractor Submission of Government Certification

- 4-5-1 Within ninety (90) days after final adjustments resulting from Contract closing reconciliation, the Contractor will submit to the Contracting Officer or his designee the following:
- 4-5-2 Statements from the Zakat and Income Tax Department and from the General Office of Social Insurance certifying that the Contractor has paid its taxes and contributions for the preceding year pursuant to Article No. 4-8 of these Financial Conditions; and,
- 4-5-3 A statement from the Ministry of Interior Recruitment Office certifying that the Contractor has fulfilled its obligations related to the discharge of its foreign work-force.

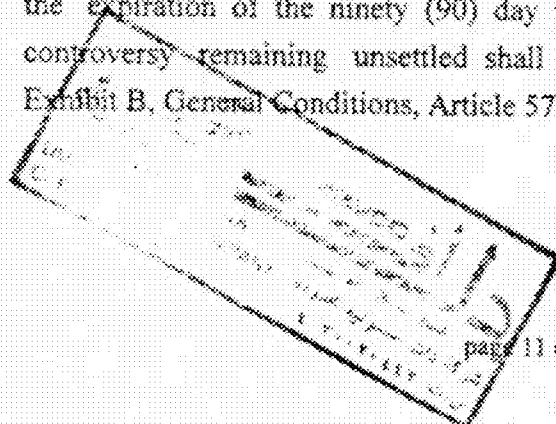
4-6 Statements of Outstanding Claims

Within the ninety (90) day period referred to in Article 4-5-1 of this Exhibit C, the Contractor shall submit to the Government a statement of all claims arising from the performance of each of the services and previously identified in the Final Reconciliation which have not been mutually resolved within the preceding periods. This document shall also set forth the action or monetary compensation, or both, necessary in the opinion of the Contractor to equitably resolve the claim.

Within the same period, the Government will submit in writing to the Contractor any and all Government claims for money compensation or Contractor actions, or both, which in the opinion of the Government are necessary to satisfy the Contractor's obligations under the Contract.

4-7 Non-Settlement of Claims

- 4-7-1 In the event that any claims submitted by the parties hereto have not been settled by mutual agreement pursuant to negotiation within a period of sixty (60) days following the expiration of the ninety (90) day period referred to in Article 4-5-1, areas of controversy remaining unsettled shall be considered a dispute in accordance with Exhibit B, General Conditions, Article 57.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

4-7-2 No claim with respect to any or all services shall be permitted to be asserted by either party against the other unless such claims were identified in writing and presented to the other party within the ninety (90) day period referred to in Article 4-5-1.

4-8 Final Payment and Contract Closure

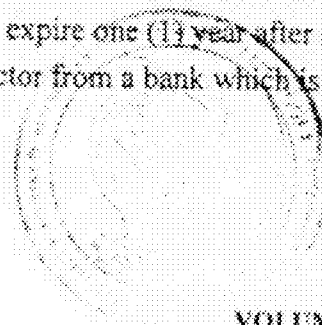
Upon mutual reconciliation of all claims presented hereunder, or in the event neither party shall submit claim against the other party within the ninety (90) day period referred to in Article 4-5-1, each party shall execute a certificate stating there are no existing claims and deliver the said certificate to the other party hereto. The receipt of the said certificate by the party, in addition to the Contractor providing the Government with copies of Department of Zakat and Income Tax and Ministry of Interior statements described in Article 4-5, shall entitle the Contractor to Final Payment for Technical and Support Man-months and Logistics Support Services and Special Cost Items, and shall officially close the Contract and discharge each party from any obligation created by the Contract, with respect of the services specified in the Contract, with the exception of any monetary adjustments that are required by Exhibit B, General Conditions, Article 60 because of final payment of taxes.

5. PERFORMANCE BONDS

All Performance Bonds issued by the Contractor and presented to the Government must be in accordance with the Rules and Regulations as defined in the Ministry of Finance and National Economy Resolution No. 17/67, dated 2/4/1408H.

5-1 Period of Effectivity

The effectivity of the Performance Bonds provided in accordance with the Request for Proposal, Article 16, and Exhibit B - General Conditions, Article 9, shall continue until one (1) year after Contract completion or as determined by the Government. In the event of earlier termination of this Contract other than for the default of the Contractor in its performance hereunder, the bonds will expire one (1) year after such termination. The bonds shall be obtained by the Contractor from a bank which is acceptable to the Saudi Arabian Monetary Agency.

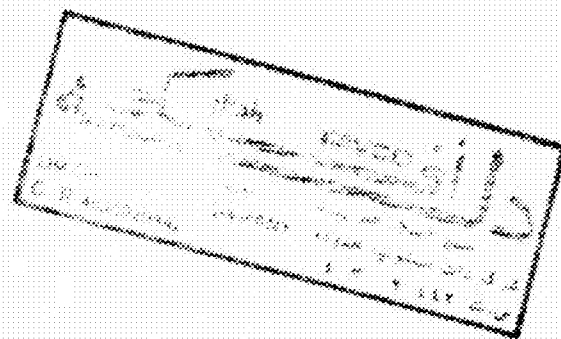


[Handwritten signature]

VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

5-2 Release of Performance Bond

Upon performance by the Contractor of all of its obligations under the Contract, and upon the issuance of the Certificate of Contract completion and submittal of final Zakat Certificate, the Performance Bond will be released to the Contractor, after it has been ascertained by means of the above certificates that the Government has no claims against the Contractor.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
Special Specifications
Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'A'

PERFORMANCE LETTER OF GUARANTEE
(PERFORMANCE BOND - REDUCING)

Messrs. _____

Place : _____

No. : _____

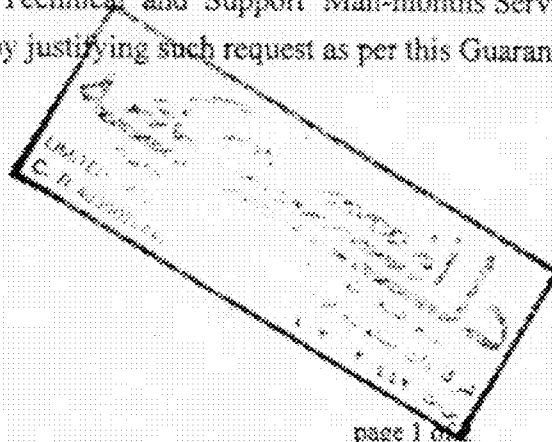
Date : _____

As you have granted our Customer/ _____
(Specify the Contract purpose information)

We hereby _____ Bank guarantee our above-mentioned Customer without any objection from our Customer, to pay an amount not exceeding _____ (figures) _____ (letters) which is equal to five percent (5%) of the total Contract price.

Upon the Contractor submitting to the Bank a certified true copy of the Contractor's written receipt acknowledging payment for man-month billing invoices, the value of this Performance Letter of Guarantee (Performance Bond) will be automatically reduced by an amount equal to five percent (5%) of the gross value of each such invoice.

We hereby unconditionally guarantee to put under your disposal all or a portion of the above-mentioned figure after giving effect to all reductions therefrom as provided hereinafter upon receiving your first written notice, according to your absolute judgment, of a failure in providing the Technical and Support Man-months Services required by the above-mentioned Contract thereby justifying such request as per this Guarantee.



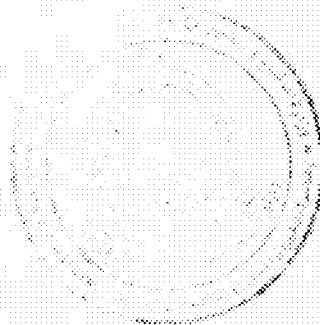
page 1 of 1

VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'A'

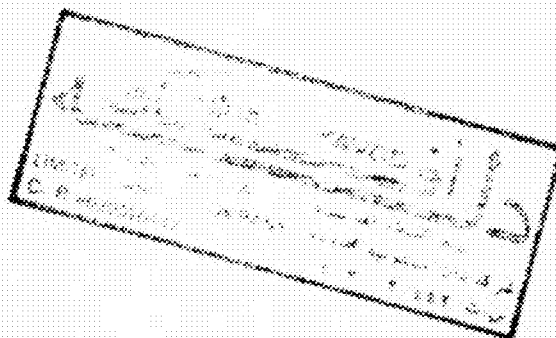
This guarantee is valid until the end of _____ of _____ H.

Any dispute over the interpretation of the conditions of this Letter of Guarantee shall be subject to the regulations of the Kingdom of Saudi Arabia, particularly the guarantees regulation issued by H.E. Minister of Finance and National Economy No. 17/67 dated 2/4/1408H.

Authorized Signature



A handwritten signature in black ink, appearing to be a stylized representation of a name.



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'A'

المملكة العربية السعودية
وزارة الدفاع والطيران
رئاسة الطيران المدني
ادارة هندسة المرات الجوية

عقد رئاسة الطيران المدني ٩٧-٢٠
لدعم وتشغيل وصيانة نظام الملاحة الجوية هـ
المجلد ١ - النسخة الانجليزية

صيغة العقد
الشروط العامة
المواصفات الخاصة
الشروط المالية والمرفقات
خطط الادارة والتشغيل والمرفقات



CONTRACT NO. PCA-AE-97-020
FOR
OPERATIONS AND MAINTENANCE
OF THE
AIR NAVIGATION SYSTEM SUPPORT (ANSS-V) PROGRAM
VOLUME I - ENGLISH

Form of Contract
General Conditions
Special Specifications
Financial Conditions and Attachments
Management and Operations Plans and Attachments

THE KINGDOM OF SAUDI ARABIA
Ministry of Defence and Aviation
Presidency of Civil Aviation
Airways Engineering Directorate

خطاب ضمان نهائي

السادة/ وزارة الدفاع والطيران - رئاسة الطيران المدني

الرقم : ٨١٩٨٢٠٠٧٩٥

التاريخ : ١٤٤١/٠٦/٢٤ هـ

الموافق : ١٩٩٨/١٠/١٥ م

SAR ٥.٩٤٩.٠٠٠ - ٠٠٠ *
٥.٩٤٩.٠٠٠

مبت لكم منحتم صلتنا السادة / شركة دله أفكو عبر البنك العربية ، ص. ب ٤٣٠ ، برج دله - جدة ،
مستنداً دعم و تشغيل و صيانة نظام الملاحة الجوية بالمملكة.

نحن البنك السعودي للاستثمار نعهد بموجب هذا تمينا غير شروط وغير مسائل لتفويض بيان لتسليم لكم مبلغاً وقدره
٨.٩٤٩.٠٠٠ ريال (فقط ثمانية مليون وتسعمائة وتسعة وأربعون ألفاً وأربعمائة ريال سعودي لا
غير) يمثل ٥% من قيمة العقد، وفقاً لما يلي:-

(أ) أن تسلم لكم فوراً وبصرف طلبكم الكتابي وبصرف النظر عن أي اعتراض من المقاول أو من أي جهة أخرى هذا المبلغ أو
أية مبالغ تظنون انتم عليها طرأاً لا تتجاوز في مجموعها المبلغ المذكور أعلاه وهو وقدره ٨.٩٤٩.٠٠٠ ريال (فقط
ثمانية مليون وتسعمائة وتسعة وأربعون ألفاً وأربعمائة ريال سعودي لا غير) وذلك بالتحويل إلى حسابكم
لدى أي بنك في المملكة العربية السعودية أو بأية طريقة أخرى مقبولة لديكم.

(ب) أية مبالغ تستحق تسلم بناء على طلبكم ستكون مضافة وعالية من ربحون أي عشم عالي أو مستقبلي عشم مسؤول الوفاء بأية
شروط أو تعهدات أو رسوم أو نفقات أو تكاليف أو استقطاعات أو مجوزات مهما كانت طبيعتها أو القيمة التي أوفيتها.

(ج) تشكل التعديلات الواردة في هذا الضمان التزامات إضافية سائفة علينا غير مشروطة بأي شروط وغير قابلة للتفويض. وسوف لن
نعلى من كل أو بعض هذه الالتزامات لأي سبب من الأسباب إذا كانت طبيعة أو مصدره مثل التغيير في شروط العقد أو
تشيده أو التغيير في مدى أو طبيعة العمل المطلوب إنجازه، أو التخصير أو القيام بأي فعل أو إجراء من جانبكم أو من حسابات
غير من شأنه أن يخلى طرفاً من التزاماته. وستكونكم المنصوص عنها في هذا الضمان.

(د) يظل هذا الضمان ساري المفعول وثائقاً حتى نهاية رسوم ١٥ من شهر ٠٩ سنة ١٤٤٢ هـ ووفق شروط هذا الضمان
أنه إذا قمتم لنا بإعطاء كتابياً وموقعاً في أو قبل التاريخ المذكور لانتهاء هذا الضمان (أو لأي تعديلات لاحقة) - وفقاً لشروط
- بأن تمتد الضمان وثائقاً سوف نقوم (أ) بتعدي هذا الضمان لتتوافق للتعدي المطلوبة (طيران لا تتعدى ٣٦٥ يوماً) من التاريخ
الأساسي لانتهاء الضمان أو من تاريخ انتهاء التعديلات اللاحقة حسب توضيح تلك التعدي في طلب التعدي. أو (ب) بأن تسلم لكم
قيمة الضمان.

(هـ) نفر ونؤكد بأن قيمة هذا الضمان لا تتجاوز ٢٠% (عشرين في المائة) من إجمالي رأسمال البنك السعودي للاستثمار
(و) أي نزاع بشأن هذا الضمان يكون الفصل فيه من اختصاص المحاكم المختصة في المملكة العربية السعودية وأحكامها ووفق
النسبة والاختصاص والقانون والتشريع السعودي.

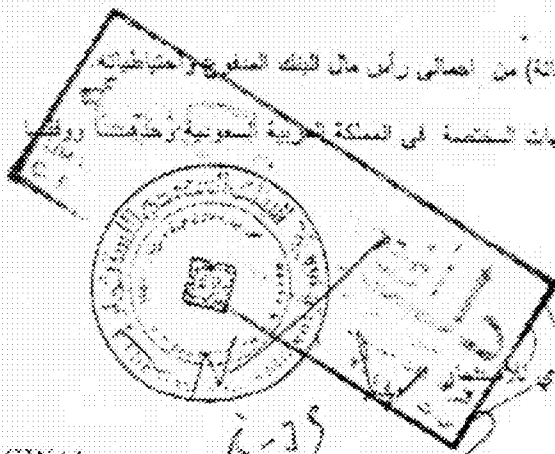


EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'B'

PERFORMANCE LETTER OF GUARANTEE
(PERFORMANCE BOND - NON-REDUCING)

To: Kingdom of Saudi Arabia
Ministry of Defence and Aviation
Jeddah, Saudi Arabia

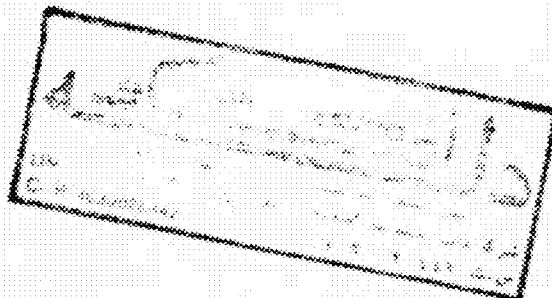
Re: PERFORMANCE BOND

Contract Number PCA-AE-97-020 dated _____ between
_____ (hereinafter referred to as
the 'Contractor') and the Government of the Kingdom of Saudi Arabia (hereinafter
referred to as the 'Government') relating to said Contract for Operations and
Maintenance Support of the Saudi Arabian Air Navigation System.

Dear Sirs:

Under the above Contract, the Contractor has to guarantee to the Government the fulfilment of
its contractual obligations in regard to furnishing Logistics Support and Special Cost Items.
The undersigned (hereinafter referred to as 'the Bank') hereby undertakes as the joint and
several guarantor of the Contractor to pay the Government an amount not exceeding Saudi
Riyals _____ ().

We hereby unconditionally guarantee to put under your disposal all or a portion of the above-
mentioned figure upon receiving your first written notice, according to your absolute judgment,
of a failure in furnishing Logistics Support and Special Cost Items required by the above-
mentioned Contract thereby justifying such request as per this Guarantee, and indicating in such
notice that the amount set forth in such notice is due you.



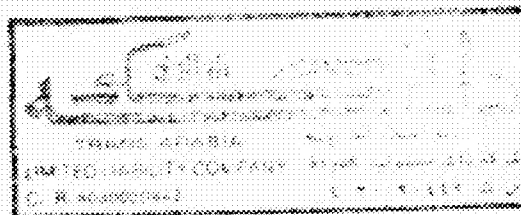
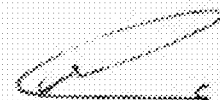
page 1 of 2

VOLUME I EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'B'

The validity period of this guarantee shall extend up to the end of the _____ or until we receive formal notification from you that you have no further claims on the Contractor, whichever is the later. You must submit your request within the validity period of this Guarantee to our office at _____.

Any dispute over the interpretation of the conditions of this Letter of Guarantee shall be subject to the regulations of the Kingdom of Saudi Arabia.

Authorized Signature



VOLUME I, EXHIBIT 'C'
FINANCIAL CONDITIONS
ATTACHMENT 'B'